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Editorial AS WE SEE IT

The Joint Economic Committee of the Congress of the United States has now issued its Report on the President's Economic Report of last January. This document has become an annual feature of the doings of Congress. They both are part of the implementation of the Employment Act of 1946. The President, of course, has his Council of Economic Advisers, and Congress has countered with the establishment of the so-called Joint Economic Committee which has in its employ a staff of economists. The Committee also conducts an extensive series of hearings at which many men of many views appear each year. All this is, of course, an old, old story to the informed. The Document which the Joint Economic Committee now distributes hardly contains a great deal of enlightenment. Yet there is one aspect of this report — particularly when considered in conjunction with the earlier report of the President—which merits the thoughtful attention of the citizens of this country.

It will be recalled that all this is part of the movement which produced the Employment Act of 1946, a New Deal-Fair Deal law which in its present form reads as follows:

"The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and state and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing and seeking to work, and to promote maximum employment, production, and purchasing power."

It requires considerable patience to unravel these involved sentences and to discover, *(Continued on page 28)*

Money and Capital Market Outlook For the Remainder of This Year

By Dr. James J. O'Leary,* *Director of Economic Research, Life Insurance Association of America, New York City*

"Fairly bullish" appraisal about the economy accompanies forecast of more readily available mortgage money with rates, however, staying at present levels. Dr. O'Leary sees a 10% GNP rise by third or fourth quarter at an annual rate of $525 billion or $510 billion for 1960 as a whole compared to $497 billion in 1959. The economist credits public's lessened inflationary fears as one of several factors forestalling further interest rate advance. He urges government bond ceiling rate be lifted and explains why this should help lower interest rate level.

My objective is to discuss the money market and the mortgage outlook. There are times when this is not a difficult task—but this is not one of these times. The crystal ball has seldom been so cloudy. At the end of last year, there was virtual unanimity that interest rates in 1960 would at least remain firm at the then current levels, and there was some conviction that there might very well be a further moderate rise as the year went on. The reasoning underlying this conviction was that 1960 is certain to be a year of rising business activity, so that demands for loanable funds would be bound to press against supplies, and Federal Reserve policy would continue to be restrictive. We are now unfortunately in the midst of doubts about the business outlook. Two months have gone by and we have not witnessed the rapid buildup of business activity which was expected to develop after the steel strike settlement. The sale of automobiles has likewise thus far failed to come up to the expectations of a 7-million car sale year. Business corporations have not been liquidating short-term Government securities, as expected, to finance the buildup of inventories and capital equipment. The stock market has faltered and has tended to cast a pall on consumer and business confidence

James J. O'Leary

During the past two months we have, of course, experienced some softening of interest rates. For example, the rate on Treasury bills reached a high of 4.59% in mid-January, from which point it dropped over a full percentage point to 3.56% within a month. It has moved upward again since then, and stood at 4.28% at the end of February. The average rate on long-term U. S. Government bonds reached a high of 4.42% on Jan. 8, but by Feb. 19 it had fallen to 4.16%, a decline of about one-quarter of one percent. More moderate declines occurred in the corporate bond market, and in the market for state and local bonds. In the case of residential mortgages, the index of gross yields on FHA mortgages, as prepared by the Federal Reserve, has remained virtually unchanged at about 6¼%. This index is based on FHA field office opinions about average bid prices in the private secondary market for new home mortgages for immediate delivery, the mortgages being limited to those with a 25-year amortization period and a down-payment of 10% or more, with a 12-year payoff period assumed.

The tendency toward some softening of interest rates in the early part of the year, particularly the short-term rates, has caused many students of the money and capital markets to reappraise their thinking. The basic questions are: Is the softening which has occurred purely seasonal? We know that at this time of year there is normally a tendency for money markets to ease as currency flows back into the banks, loans are repaid, and institutions accumulate investment funds. Or, are there some forces at work in the capital markets which have not been *(Continued on page 26)*

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 34.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

This Week's Forum Participants and Their Selections

United Utilities Co. — Iskander Hourwich, Partner, Hourwich & Co., New York City. (Page 2)

Seismograph Service Corp. — Harold Nelkin, Director of Institutional Research Dept., Oppenheimer & Co., New York City. (Page 2)

ISKANDER HOURWICH

Partner, Hourwich & Co.
New York City

United Utilities

The telephone industry is receiving more and more favorable attention from the discerning investor. The common stock of the American Telephone & Telegraph Co., for example, long neglected by the sophisticated analyst as too stodgy, suddenly became the stock of the year in 1959. The industry, which had been characterized by a steady, depression-proof growth, has more recently developed a new dynamism as well.

Iskander Hourwich

Merchandising of telephone service has become outstanding. Equipment in color, styled for beauty and convenience (and at a premium rate it should be added) has stimulated the use of the telephone and boosted revenues. Telephone companies everywhere are stressing the point that the telephone is **fun** as well as being indispensable. The leisure market is being tapped spectacularly. Homes with teenagers know what this means. The two car family has long since had to become the two telephone family, with several extensions.

The writer has recommended four independent telephone companies in these columns since September, 1953. Every recommendation resulted in a capital gain. Telephone Bond & Share, for example, was recommended in that year and was quoted then at 13½-14. It has since been merged with General Telephone & Electronics. The stock received in exchange has a value in the current market of about 66½ or a gain of about 400% in six and a half years!

The "independents" (companies other than Bell) operate about one in six or seven of all telephones in the United States. There are some 4,800 independents. These serve, without competition, twice the area and twice the number of communities served by Bell. All the independents and the Bell system interconnect, usually over Bell's toll lines. General is the largest independent, serving about 3,500,000 subscribers as compared with Bell's 58,000,000.

United Utilities is perhaps, next to General, the largest independent, serving 460,000 stations at June 30, 1959. Service is furnished in parts of 15 states including California, Oregon, Washington, Wyoming, Nebraska, Kansas, Iowa, Missouri, Arkansas, Indiana, Ohio, Pennsylvania, New Jersey, North Carolina, South Carolina. Gas and electricity are also sold in some areas, though this represents only about 12% of revenues for the system as a whole.

Two years ago the system was only about 28% dial-automatic. This meant an obsolescent plant, poor service and thus low rates and low revenues. Management was revitalized about that time and an aggressive modernization program was initiated. This is beginning to bear fruit. By September, 1959 dial operations had increased to about 54.1%. At the present dial operations are about 70% and should reach 75% by the year end. This compares with Bell's 64.6% at Dec. 31, 1945, 75.5% at Dec. 31, 1950 and 95.7% currently.

As a matter of practice, regulatory commissions grant rate increases only after modernization of exchanges is complete. United has thus laid the foundation for rather general revision of the rate structures of its subsidiaries. This is already reflected, in part, in the net revenues of the system. Unaudited net income for the year ending Dec. 31, 1959 was $4,920,374 versus $3,724,467 for the preceding year, **an increase of 32.1%**. Per share earnings on the average number of chares outstanding increased to $2.09 from $1.67, or 25.1%.

Nineteen-sixty results should be a minimum of $2.30 per share and may reach $2.40.

The dividend was recently increased to 35 cents quarterly, resulting in a payout of less than 70%. The stock is currently selling at about 17 times expected 1960 earnings.

A plus factor in the attraction of the stock is the possibility of merger on consolidation with General or some of the other independents. This would be soundly based in the economics of the industry. Larger companies have access to the capital markets more readily and at lower cost.

In the closing months of 1959, General made an offer to the company to acquire its assets through an exchange of five-eighths of a share of General for each share of United. This was the equivalent of 45-50 as compared with the current price of 40 and a 1959 range of 43.28. The directors of United rejected the offer as inadequate. General has since stated that it will not increase the offer nor renew it.

The market risk in these shares, as in utility stocks generally, is minimal. I believe that the earnings of the company could double in the next five years. The stockholders will undoubtedly share in this growth either through higher dividends, valuable rights, or both.

I think these prospects justify my opinion that the common is an outstanding purchase at current levels for possible long term capital appreciation.

HAROLD NELKIN

Director, Institutional Research Dept., Oppenheimer & Co., New York City
Members, New York Stock Exchange

Seismograph Service Corporation

We are reprinting the accompanying article in view of the fact that several mechanical errors appeared in the version as published in the issue of March 10.—Ed.

Stocks with stories are plentiful, perhaps too plentiful. Stocks with old-fashioned numbers are scarce. Seismograph Service Corporation, buried in what many consider to be a declining business, has been so overlooked by the greatest bull market in history that it still has both attributes.

Harold Nelkin

A price less than eight times estimated 1960 earnings, 1.8 times anticipated cash flow, and 70% of book value, is interesting in itself. But, in addition, Seismograph Service is moving to develop the electronic capability that it has built up in years of manufacturing precision instruments. As we all know, "electronics" is a word that is today almost a guarantee of the market glamour that leads to very high price-earnings ratios.

Seismograph Service is one of the largest companies engaged in conducting seismic surveys for major oil companies and independent oil operators in the United States and foreign countries. Aside from a subsidiary of Texas Instruments, it is the only one that is publicly held.

Seismic exploration involves the drilling of shallow holes, the setting off of dynamite "shots" in those holes, and the use of seismic equipment to pick up ground waves. The waves are automatically plotted in time sequence with instruments developed and manufactured by Seismograph Service. These seismic plots are used to find sub-surface structures or anomalies. Seismograph's instruments produce from 24 to 50 traces, which may be used in the field or sent back to central headquarters in Tulsa, Okla., where automatic magnetic scanners are used to draw up maps that pinpoint structures.

There are no patents involved in this business. Hundreds of smaller companies and the oil producers themselves are capable of doing seismic work. However, large oil companies tend to maintain minimum seismic staffs because it costs them more to do the work themselves than it does to hire Seismograph Service. With costs continually rising and domestic oil exploration trending down, there has been a rather rapid rate of attrition in the ranks of the smaller operators, which Seismograph has been able to capitalize on.

The big jump in revenues came in 1958 and resulted from the consolidation of foreign operations for the first time in that year. Management believes that the focal point of oil exploration

Continued on page 43

TABLE I

	1956	1957	1958	1959 Est.	1960 Est.
Revenue (mm)	$9.93	$10.39	$16.28	$17.2	$18.5
Depreciation	0.94	1.02	2.55	2.60	2.70
Net income	0.57	0.68	0.57	0.60	0.80+
Cash flow	1.51	1.70	3.12	3.24	3.50+
Cash flow as % of rev.	15.2%	16.4%	19.0%	18.5%	19.0%
Cash flow per share	3.90	4.35	8.00	8.30	9.00+
Earned per share	1.45	1.78	1.46	1.55	2.00+
Average price	15	12	12	13	--
Price: cash flow	3.9	2.9	1.5	1.6	--
Price: earnings	10.3	6.8	8.2	7.9	--

Investment Paths—1960

By Martin E. Rooney, *Professor of Finance, North Texas State College, Denton, Texas, and Registered Investment Adviser and Member of the Economists' National Committee on Monetary Policy*

Former security analyst, now a Professor of Finance, examines the compelling arguments of five different investment routes open to an investor. He inspects the assumptions and evidence offered by those who believe we are in a "Golden Sixties" decade, who advocate "Buy Foreign Common Stocks," and who favor "Treasury Bills," and he outlines the case for "Diversified Portfolio" policy, and advises the "Buy Gold" school on the preferableness of gold shares to gold stocks.

Investment opinion is sharply divided at this time. There are several schools of thought concerning the wisest course of action to take. Major viewpoints are characterized by wide cleavage and areas of difference are fundamental.


Martin E. Rooney

In this article I will take a look at the whole horizon of investment thinking by presenting five major schools of thought, Namely: I. "The Golden Sixties School"; II. "The Buy Foreign Common Stocks School"; III. "The Bill School"; IV. "The Diversified Portfolio School"; and V. "The Buy Gold (or Gold Stocks) School."

Following each one, the writer gives his personal views on the position taken by the "school" in question.

I
The Golden Sixties School

This school holds we face an unparalleled decade of prosperity. There will not be a war because the Russians are smart enough to know they could not win. Nevertheless, we must maintain a huge defense establishment and this expenditure will guarantee a strong underpinning to the economy. The sixties will be a great era of discovery and space exploration. Factories will turn out one new product after another. Employment and wages will rise and the public will have the purchasing power to buy these goods.

The baby boom is picking up steam. This means billions more for clothing, housing, furniture, schools, automobiles and public improvements. Any threat to our prosperity which might occur will be met by massive doses of deficit spending. Business will have its ups and downs but there will be no depression. The business cycle has been tamed.

Our Government knows how to control inflation. Of course, we will have a little, but only just enough to stimulate business and make people feel prosperous.

The debt problem that we hear so much about is another paper dragon. Debt is a good thing. America was built on debt. Debt has got to grow if America grows. The fact that our debt is larger than it was years ago is not a bearish argument. When you compare debt to assets or our disposable income, you find that we are in a healthy and comfortable position.

We have recently heard a great deal about foreign competition. Well, we have always had competition. Competition is the life of trade. Certainly American labor is paid more than foreign labor. We want it that way. That is why we have such a mass market in this country. We have met foreign competition before and we will meet it again. All this talk about American labor pricing itself out of the market is silly. Statistics prove that foreign wages have risen faster than wages in this country since the war.

As for common stocks, of course they are high, but so is everything else. But there is still plenty of money to be made in Wall Street, provided you have the know-how. Selectivity is the key. You must have your money in the right common stocks. Putting your money into savings, insurance, or bonds will not pay off. You must buy something that will protect you against inflation—even though the inflation is of a mild variety.

Buy something that will grow and expand with America.

G. N. P. for 1959 was so and so; we can conservatively project a growth rate for the sixties equal to the growth rate of the fifties. This gives us a G. N. P. of "X" for 1970. A G. N. P. of that size will generate profits far in excess of what we have today, and that is what people are buying—future profits!

Lastly, this business of a squeeze on profits is so much nonsense. Some pessimists claim to see a squeeze on profits developing, an era of so-called profitless prosperity, caused by rising wages on the one hand and consumer resistance on the other. This is demonstrably false. Rising wages reduce rather than increase consumer resistance. Take "Big Steel," for example. Back in the twenties it had profits of "X"; today profits are "2X." In the meantime wage costs have risen at a rate of 6½% per annum since 1929, while prices have gone up less than one-half that rate. So what? Big Steel has passed on enough costs to provide mighty satisfactory profits and that is what counts. In the sixties managements will do the same. People don't care what prices are so long as they have the money to buy.

Listen to the pessimists and it will cost you money. The pessimists have been wrong for 26 years, and they are wrong today!

Author's Attitude Toward the "Golden Sixties School"

It is my inclination to be wary of the position taken by THE

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OBSERVATIONS...

BY A. WILFRED MAY

THE FUND-MANAGEMENT COMPANIES— Their Growth at Summit or Foot-Hill?

"The Growth Stocks of the Century."

"Sensational New Growth Stocks. A Good Switch From The Blue Chips."

"Insiders' Dip Into Mutuals For Big Profits. Overnight The Sellers Have Become Wall Street's New Millionaires."

Headlines such as these in the current "literature" typify popular expectations concerning the importance being popularly attached to the speculative-investment attributes of the shares in the corporate organizations *managing* investment companies. As with the status of these management concerns, and the controversial nature and extent of their operations, their shares' *investment* elements harbor errors of both omission and commission. Some of these this article will attempt to repair.

First, it should be realized that their existence considerably antedates their "discovery" during the recent upper stages of our Bull Market. For example, Distributors Group, underwriter and investing adviser to Group Securities Incorporated, comprising 20 mutual funds, has enjoyed some public ownership ever since 1928. Keystone Custodian Funds, Inc. of Boston, now managing more than $500 million of assets, although its shares were not available to the public until April 1959, was founded back in 1932. Six other management companies afforded public participation prior to the 1958 California Court decision which nullified the SEC's efforts to prevent the transfer of such shares.

Growth of the Business

Of course, the investing public's interest in this new off-shoot (or perhaps "pyramid," as has been charged) was tremendously intensified, as evidenced in the increased rate of offerings and their inflated pricing, midst the following massive Fund and stock market booms.

With Funds' management becoming more profitable than their selling activities, and the call for management and investment advisory service stimulated by the growth of the Funds, the sponsors have been more and more prone to enter into contracts encompassing supervision of their operations and the giving of investment advice

In the customary routine the board of directors of a fund enters into a contractual arrangement with the management company, controlled by the management, to manage the fund for a fixed fee and to distribute the shares.

With the quantitative growth and maturing of the Fund industry, the managerial services have naturally progressed enormously in volume, breadth and depth.

These companies' revenues come from commissions from underwriting and distributing Fund shares (usually the largest proportion), and from management and advisory services. In some cases, as in the Keystone set-up, the management company, in addition to its advisory services, takes care of the Funds' *administrative* activities; that is, their "housekeeping" expenses, as for rent, bank charges, etc. — which they undertake for a flat additional fee. The charge for advisory and management services customarily is one-half percent per annum based on the total daily assets — sometimes with a sliding scaled reduction correlated with increased size. (Keystone's *administrative* fees run about one-third less than those coming from management charges.)

Breadth and Depth Operations

Hugh W. Long and Company, Inc., exemplifying the newly expanded scope of these companies, distributes shares of three Funds to the public through 2,500 correspondent investment firms, employing a field organization of 16 Regional Vice-Presidents and five Regional Representatives with headquarters in the major cities around the country. A substantial Home Office prepares a mass of "literature," reports, and other promotional material for its client Funds. It also occasionally arranges for their acquisitions of personal holding companies, thereby increasing the base of its management fees. Headquarters are in a large air-conditioned building in Elizabeth, N. J. — fully automationed, including a "Univac" installation which does almost everything but beat the Dow-Jones Average.

Keystone Custodian Funds, acting as trustee for 10 domestic Funds and a Canadian organization, in its main office in Boston, maintains a large investment research body, a large operating division with the newest electronic equipment, and directs a country-wide sales organization.

Growth Stock Potentialities: Pro and Con

Confronting the investor, be he already "in" or prospective, is that question of how these issues should actually rate as *growth* situations; either absolutely or as compared with listed issues popularly so classified (whether correctly or somewhat over-imaginatively).

One answer is to be seen in the 1954-59 earnings record in our table. In every case substantial net growth is shown over the interval. Furthermore we are informed that last year's rate of improvement is being equalled in 1960. A spokesman for one of the largest companies tells us that despite the recent market "sloppiness," its managed assets are running 16%, and earnings 15%, ahead of the corresponding months of 1959.

If the premise of continuing public demand for the Fund instrumentality is assumed, then the growth of these organizations can be accepted — in lieu of regarding them investment-wise as a pyramid atop a stock market-and-Fund boom.

Some Con's

However—our tabulation of the year-to-year earnings record is highly significant. The appearance of some quite sharp intermediate year-to-year regressions shows their earning power's vulnerability to certain factors (perhaps more enduring than "growing pains" such as are plaguing the rest of the Fund industry?). Causes of the earnings reversals include a slowing-up of Fund share distribution, temporary increase in redemptions, mechanization expenses, dealer set-up costs, etc.

Redemptions vary from company to company, and from year-to-year; their average as a percentage of assets ranging from 4% to 11% annually.

Other potential elements of vulnerability are increasing competition, not only *between* these now "good thing" companies, but in their distribution activities (continuing sales and effective pressure being required merely to offset asset-erosion — even apart from the eventuality of a New-New Era bear market).

Then there are overhanging regulatory and legal elements that could decisively slow up, if not actually reverse, the existing expansion trend. For example, if the SEC should realize its restraining aims despite the reversal suffered in the California suit, the management companies' shares would be deflated of premiums above their asset values. (The ethical and legal merits of the unique interlocking technique, which we have discussed at length, are outside the purview of this article.)

Market Reactions

Constructively, as demonstrated by our price and yield table, the investment community has already done a "house-cleaning" job in eliminating some of its former "pie-in-the-sky" expectations. With the share prices drastically reduced from their offering and/or subsequent highs, the dividend and earnings yields now are not fantastically out of line (at least comparatively).

Let us see how they shape up with our more respectable "growth" stocks of the listed Blue Chip class. Moody's Index of 20 Growth Stocks, from its 1959 average high has declined market-wise by 11% net; Standard & Poor's Growth Stock Index has fallen by only 4%. At the same time our group of management companies has suffered a net fall of a full 36%.

The dividend yield on the Moody Growth Stock Index now is 2.2%, while the averaged dividend return on the Fund management group is 3.4%. The important price-earnings ratio is now estimated at 15 for the Dow Jones Industrial Average (it is unavailable for the S-P and Moody's averages); while the ratio is 23 for management shares.

What Investment Conclusion?

There remains the final investor's question regarding our phenomenon? Does it represent merely a pyramid atop a boom business; or a healthy growth industry? Price-wise, have their recent highs constituted a permanent *summit*, or merely a tentative *foot-hill* to be soon surmounted? Perhaps the following conclusion, arrived at in a study, "Mutual Fund Management and Distribution Companies as Investments," by Karl H. Vesper, at the Harvard School of Business Administration, fills the bill: "Although management companies face some dangers, they also face reasonable promise of high future profits. Therefore, the stocks of these companies, which the market does not yet seem to have approached very analytically, offer interesting possibilities as investments."

FINANCIAL DATA ON MUTUAL FUND MANAGEMENT COMPANY SHARES‡

	*KEYSTONE CUSTODIAN FUNDS	DISTRIBUTORS GROUP, INC.	HUGH W. LONG & CO., INC.	NATIONAL SECURITIES & RESEARCH	TV SHARES MANAGEMENT CORP.	WADDELL & REED, INC.	WELLINGTON MANAGEMENT CO.
TOTAL ASSETS MANAGED......	$505,096,000	$170,830,000	$751,056,000	$477,203,000	$308,007,000	$723,680,000	$1,060,000,000
ASSETS MANAGED PER SHARE	$481.00	$400.00	$767.00	$423.00	$281.00	$783.00	$1,170.00
1959 FUND SALES..............	$107,838,000	$39,980,000	$104,174,000	$80,644,000	Not Available	$111,372,000	$147,900,000
EARNINGS PER SHARE:							
1954..........................	$0.23	$0.23	$0.24	$0.27	$0.16	Not Available	$0.24
1955..........................	0.40	0.31	0.45	0.34	0.38	$0.12	0.27
1956..........................	0.39½	0.11	0.55	0.43	0.19	0.25	0.49
1957..........................	0.24½	0.15	0.55	0.54	0.18	0.50	0.46
1958..........................	0.31	0.51	0.55	0.58	0.28	0.50	0.57
1959..........................	0.72	0.59	0.95	0.78	0.66	1.28	0.85
DIVIDEND—LATEST 12 MONTHS	$0.55	Initial $0.15	$0.52½	$0.55	$0.45	Initial $0.15	Initial $0.12½
DATE OF ISSUE................	April 28, 1959	Not Applicable	Aug. 17, 1959	Not Applicable	Aug. 10, 1959	Sept. 30, 1959	Jan. 12, 1960
ISSUE PRICE....................	$18.00	Not Applicable	$32.00	Not Applicable	$25.50	$23.50	$18.00
1959-1960 HIGH................	24	15	34	35	26	39½	18
DATE	Aug. 31, 1959	Dec. 15, 1959	Aug. 17, 1959	April 10, 1959	Aug. 10, 1959	Nov. 25, 1959	Jan. 14, 1960
1959-1960 LOW.................	8	10½	16	17¾	14¼	23½	15¾
DATE	Mar. 2, 1960	Feb. 4, 1960	Mar. 2, 1960	Mar. 2, 1960	Mar. 2, 1960	Mar. 2, 1960	Mar. 2, 1960
CURRENT PRICE (Mar. 14, 1960)	17	13	17	17	14	2[illegible]	17
CURRENT DIVIDEND YIELD.....	3.7%	Not Applicable	3.1%	3.1%	3.2%	Not Available	Not Available
PRICE-EARNINGS RATIO........	24.3	22	17.6	22.1	21.6	[illegible]	20.6

*Keystone adjusted for 3-for-1 split April, 1959.

‡Our acknowledgment for their cooperation in furnishing statistical data is gratefully given to May & Gannon Inc., Boston, Statistical Dept. (Messrs. William Burke Jr. and Richard E. Murray); Moody's Investors Services; Standard & Poor's; Mr. Karl H. Vesper, student in the Harvard Graduate School of Business Administration. Current quotations from *The Commercial & Financial Chronicle*, Mutual Fund Section, Monday edition.

Cevasco Starts 60th Yr. at AFGL

March 12 marked the beginning of the 60th year of continuous service for Victor J. Cevasco, Senior Vice-President and a director of Albert Frank-Guenther Law, Inc., 131 Cedar St., New York City. Back on Mar. 12, 1901, Mr. Cevasco joined the agency as a messenger, general office assistant and newspaper checker, following his graduation from public school. Vic, as he is affectionately known, initially picked up papers from the newsstands, checked the publications for scheduled ads each morning and then later in the day delivered ads and news items to the papers for the following day's publication. At month's end, he billed the clients and, in turn, paid the publications. Between times he called on clients to discuss copy and on prospects to solicit new business.

Victor J. Cevasco

During his tenure on the job, Vic has seen the personnel and offices expand from one employee and one room back in 1901 to a point where the New York office now employs over 200 people occupying four buildings, and the agency owns the entire blockfront on Greenwich St. between Cedar and Liberty Streets. Out-of-town branch offices have been opened in Boston, Philadelphia, Chicago, Los Angeles and San Francisco, during this period.

Vic is a life member of the Downtown Athletic Club, a member of the Bankers Club and the New York Athletic Club. His hobbies are citrus groves in Fort Pierce, Florida.

Faulkner, Dawkins To Admit Partners

Faulkner, Dawkins & Sullivan, 521 Broad Street, New York City, members of the New York Stock Exchange, on April 1 will admit Robert P. Colin, Robert W. Farrell and Robert F. Hague to partnership.

Vietor, Common, Dann Admits

BUFFALO, N. Y.—Alexander M. Griggs on April 1 will become a partner in Vietor, Common, Dann & Co., Ellicott Square, members of the New York Stock Exchange.

Form Howard & Co.

COLUMBUS, Ohio—Howard & Co. is engaging in a securities business from offices at 4205 Clairmont Road. Officers are James W. Howard, President; Howard B. Noonan, Vice-President & Treasurer; and George D. Massar, Secy.

S. T. Smith Opens

(Special to THE FINANCIAL CHRONICLE)

MIRAGA, Calif. — Samuel T. Smith is engaging in a securities business from offices at Highway 111 at Dunes Road.

Alexandria Inv.

WASHINGTON, D. C.—Alexandria Investments and Securities, Inc. has been formed with offices in the Albee Building to engage in a securities business. Mortimer J. Sabbath is President and Treasurer.

Bigelow-Sanford Carpet Co.

By Dr. Ira U. Cobleigh, *Enterprise Economist*

Containing a short review of recent trends in the carpet industry, with particular emphasis on the rising sales and earnings power of Bigelow-Sanford.

In the immediate postwar years the carpet industry was a lush one and profits came rolling in. The peak year was 1950 when pent-up demand made carpet selling almost automatic, and permitted even the tired old four-story weaving mills in New England to tread out a profit. In 1950, 85.7 million yards of woven-wool broadloom carpet were produced. Axminster was the favorite weave, and the mode was for fancy floral patterns, offered in a vast variety of colors. (The huge $50,000 Axminster looms were turned out by an old New England company, Crompton & Knowles of Worcester, Mass.)

Then somebody pulled the rug and the carpet industry fell on dreary days. First it was the price of carpet wool. This rose in 1950-51 from 60 cents a pound to $2.50. Many mills that had bought frantically on the way up, got hung up with a big inventory on the way down, as broadloom production fell 30% in 1951. The fat earnings of 1950 faded, in many cases, to deficits one year later.

The disastrous market in wool was not the only headache. Fierce competition from a variety of "hard surface" floorings arose — linoleums and tiles of plastic, asphalt or rubber. Then the Tariff Act of 1930, levying duties of 60% on European and Asian carpetings was rewritten. The duties on broadloom were reduced to 21%; and imports rose from less than 3% in 1951 to 11½% of domestic consumption in 1957. Finally, tufted carpets, made more swiftly on much less costly looms, surged forward in popularity and sales. The ancient multi-story Northern mills with their vintage looms, requiring high priced craftsmen to run them, just couldn't compete with the newer more efficient mills, majoring in tufted looms that sprang up in the South. The Dixie states offered not only a much lower cost of labor, but nearness to cotton supplies, subsidized mill financing, and much lower tax rates. So the migration set in. One by one most of the major carpet companies went South so that an industry, once dominant in the Northeast, now produces well over 80% of output below the Mason-Dixon line.

As important to the trend away from the North was the fabric trend away from wool to the new man-made fibers — acetate rayon, nylon and acrylic fibers and more recently Chemstrand's Acrilan.

Such, in brief, were the problems which dogged the carpet trade for most of the Fifties. But those debits have now been written off and today the carpet industry offers a rising pattern of prosperity. The new tufted carpets made of synthetic fibers are much cheaper than wool and the total market has broadened significantly. Rising levels of consumer income and the great popularity of solid color wall to wall carpeting, soft, luxurious, and "status" building, have expanded sales. Not only that, but leading companies in the industry have upgraded their managements, and most have recorded noteworthy improvements in profit margins.

Third Largest in the Business

One of the major carpet makers, entering the Sixties with a forward look, is Bigelow-Sanford. The successor to a rug and carpet business founded in 1825, Bigelow-Sanford is now the third largest in the business. Its sales for this year should run to $80 million—up from $72 million in 1959.

Bigelow-Sanford used to manufacture in two big Northern mills. The one in Amsterdam, N. Y., was sold five years ago. In 1958, the other, at Thomasville, Conn., was sold under a lease-back contract, and only about 40% of its space is now in company use. In the South, the company has a big mill at Summerville, Ga., for manufacturing tufted carpets, a velvet carpet mill at Landrum, S. C., and two smaller mills in South Carolina, and one in Virginia for yarn production.

Several things made Bigelow-Sanford common stock merit attention as an attractive speculation. First, the major corporate problem of plant relocation, and reorientation of product mix have been solved. The Bigelow-Sanford line is respected for quality and effectively distributed through over 4,500 retail outlets. Second, a major five year program of plant expansion and improvement, involving over $18 million dollars, was completed last year. This new plant investment alone amounts to about $18 a share on Bigelow common — and that is what the stock sells for currently.

Despite the size of the foregoing outlay, working capital position is highly satisfactory with current assets (at Sept. 26, 1959) of $37 million against current liabilities of only $7 million. Capitalization is quite simple with $16 million in long-term notes, 30,620 shares of $4.50 preferred, and 1,022,410 shares of common listed on the New York Stock Exchange. In addition there are incentive stock options, accorded to key management personnel, for 82,325 common shares at prices of from $12 to $14.50 a share. (Present book value is $36.)

High Calibre of Management

One of the most impressive things in the Bigelow-Sanford picture is the quality of management. Two years ago Mr. Lowell P. Weicker was made President and substantial progress has been evident under his guidance. The introduction of attractive new product lines and more concentrated and aggressive selling have resulted in steadily rising sales. Lessening the wool end of the business and increasing the use of synthetic fibers has stabilized raw material costs and improved profit margins. In fact Bigelow-Sanford is now believed to have the lowest costs in the entire industry — which is of course a tribute to managerial efficiency. Not only is operating management top-flight, but the Board of Directors is one of the most elite in the industry.

A recent new development holding considerable future promise is a new petroleum-based synthetic fiber with quite remarkable qualities. Of all man-made fibers up to now, this one comes closest to duplicating the durability, quality and texture of wool at a substantial lower price. This unique fiber is manufactured by Montecattini, famed Italian chemical company, and Bigelow-Sanford is to have exclusive sales and distribution rights for it in the United States.

Earnings Uptrend

From the investor viewpoint the most significant thing about this company is the sharp turn-about in earnings. For 1958, there was a deficit of $1.91 per share and, of course, no dividends. Last year a net of about $1.70 was recorded and for 1960 this per share net might get as high as $3. That's a pretty good showing for a stock selling at $18.

About dividends, the record for the past decade was spotty. Cash dividends were paid in six years out of 10, ranging from 25 cents to $2 (in 1950). The provisions of the note agreement will probably prevent any cash dividend declaration until the last half of this year; but a modest dividend in stock (3% was paid in 1959) might be expected in any event. When so many common shares, even after the recent market shakeout, are still selling at from 15 to 20 times earnings Bigelow-Sanford, available at about six times its per share net for 1960 can hardly be regarded as overpriced. If it paid a $1 dividend this year, the yield would be 5.55%, exclusive of a possible stock dividend. And on the "down" side, there is little reason for a stock to sell off when its earnings are expected to increase 75% over last year.

Almost every industry at one time or another goes through a "tired" phase. The carpet industry has already had its threadbare days. Actually carpets are in a growth trend with total industry carpet deliveries last year 120% above 1949. This year, 155 million square yards of carpeting will roll out—about 80% for private homes and the rest for hotels, office buildings, shops, motor cars (also weddings and visiting dignitaries). The rising number of new family formations, housing starts of 1,200,000 a year, an all-time high in national income and the disposition to spend it — all these things augur well for the carpet business. And Bigelow-Sanford with the modern, efficient plants, highly competent management, fine products and smart selling appears in a position to prosper.

Norman Roberts Will Admit

SAN DIEGO, Calif.—Norman C. Roberts Company, 625 Broadway, members of the New York Stock Exchange, on March 24 will admit Winthrop D. Waterman to partnership.

With E. W. Clark

GERMANTOWN, Pa. — John L. Godfrey has become a registered representative in the Germantown office of E. W. Clark & Co., 18 West Chelten Avenue.

Elected Director

John C. Whitehead, a partner in the investment banking firm of Goldman, Sachs & Co., was elected a director of Crompton & Knowles Corporation at the company's annual meeting.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

In the March issue of its "Barometer of Business," the Harris Trust & Savings Bank, Chicago, discusses the trends in various economic indices as a possible clue to the nation's business outlook. As applied to the current situation, the publication makes the following comment:

"Although no foolproof method of estimating the future exists changes in sensitive leading indicators have frequently been of help in the past. A National Bureau of Economic Research study has disclosed that adverse trends in the following eight indicators have preceded past business downturns by the average number of months indicated: (1) failure liabilities of corporations — 10 months; (2) industrial stock prices —7 months; (3) new orders, durable goods—6 months; (4) residential building contracts — 13 months; (5) nonresidential building contracts — 12 months; (6) average hours worked—7 months; (7) new incorporations—4 months and (8) wholesale price index, 22 basic commodities—5 months. All leading indicators were expanding prior to the strike but weakness began shortly thereafter. Until recently it was difficult to interpret the weakness because of lack of data since the strike. At present three months of post-strike data exist, and, although some firming in the leading indicators has occurred, they nonetheless continue weak. Failure of the leaders to snap back after the strike period suggests that the early indications of future difficulties are beginning to appear.

"Changes in the annual rate of monetary growth have also frequently provided useful clues to prospective business trends. In the past 35 years monetary growth has turned downward 23 months on average before a business decline. The longest lead has been 29 months. Monetary growth was sharply depressed during the strike period due largely to the fact that banks repaid indebtedness to the Federal Reserve. However, since the strike period there has been no indication that monetary growth has revived.

"The current business expansion is now in its 23rd month. The medium length of past recoveries has been 27 months and the longest was 35 months excluding war periods and the rise following the Great Depression. Although short-term business prospects appear good, present evidence suggests the economy is entering the latter phase of the current business expansion."

Unemployment for February Dropped Below the 4,000,000 Mark

Government circles reported this week that unemployment dropped a little below the 4,000,000 mark and that in February 64,520,000 Americans were employed in gainful occupations. This February record is more than 1,000,000 above the old high set in February 1957. It is expected that the number of unemployed will be lowered to 3,350,000 during the spring months.

Bank Clearings Decline 0.4% in Week Ended March 12 over 1959 Week

Bank clearings this week will show a decrease compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, March 12, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 0.4% below those of the corresponding week last year. Our preliminary totals stand at $23,545,310,658 against $23,630,297,953 for the same week in 1959. Our comparative summary for the leading money centers in U. S. A. for the week follows:

Week Ended Mar. 12—	1960 (000 omitted)	1959 (000 omitted)	%
New York	$12,322,366	$12,208,675	+ 0.9
Chicago	1,161,021	1,223,688	— 5.1
Philadelphia	963,000	1,060,000	— 9.2
Boston	670,642	656,715	+ 2.1

Expects Record High Steel Ingot Production in First Quarter

Steel ingot production this quarter will set a record, "Steel" magazine predicted.

The metalworking weekly forecasts production of 34.7 million ingot tons of steel, nearly a million more than were poured in the previous best quarter — last year's strike threatened second quarter.

Despite a softening of demand, last week's operations continued at a high level. Steelmakers operated their furnaces at an estimated 92.9% of capacity (vs. 92.8 in the previous week) and poured about 2,647,000 ingot tons.

While steelmaking operations

Continued on page 12

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The state and municipal bond market effortlessly progressed to higher levels during the past week. The general impression that inflation has been slowed to an irreducible minimum for the present at least, coupled with the stock market decline that has by indirection confirmed this general conception, has motivated a municipal bond market rise that has averaged close to three points since the year-end. *The Commercial and Financial Chronicle's* municipal bond average yield stands at 3.488% at March 16. A week ago the average was 3.519%. The change represents about a one-half point gain.

Spectacular Rise in Toll Issues

The dollar-quoted revenue issues have generally done better since January 1, 1960, than the municipal bond averages are apt to indicate. During this brief span (1/7/60-3/10/60) the Smith, Barney & Co. "Turnpike Index" went from an average yield of 4.32% to 4.03%. This would represent an average rise of about five points. The more spectacular performing revenue issues include: Illinois Toll 3¾s, up eight points; Illinois Toll 4¾s, up eight points; Kansas Turnpike 3⅜s, up six points; New York State Power Authority 3.20s, up five points; New York State Power Authority 4.20s, up four points; Virginia Toll Revenue 3s, up four points; New York State Thruway 3.10s, up six points; New Jersey Turnpike 3¼s, up six points and Maine Turnpike 4s, up five points.

There are reasons for certain of the turnpike and revenue bonds doing better during this period other than that the general bond market is doing better. For the past year, project revenues have generally improved. This relative gain has continued during the rigorous winter months. The season of even higher revenues is at hand, and new monthly peaks are generally anticipated in many cases. Moreover, these bonds are usually more marketable than serially maturing municipals.

Relative to authority issues and perhaps other public revenue projects, it is of general interest to note the reported attitude of the Eastern Conference of the American Automobile Association at its recent conclave. A resolution was passed generally condemning the growing menace represented by "self-dedicated and self-perpetuating authorities." This alluded partly to the proposed new East Hudson Parkway Authority comprised of Sprain Brook, Taconic State and Cross County Parkways in Westchester County, New York. The new authority would have power to issue $50,000,000 of bonds, presumably payable from tolls, to improve the system.

Some general resistance to authorities has been generated, particularly in regard to expansion and enlargement of sphere. Investigation is threatened in some instances.

$100 Million Triborough Authority Issue Near

The only large negotiated tax-exempt bond issue close to market involves $100,000,000 Triborough Bridge & Tunnel Authority serial and term bonds scheduled for mid-April offering. From a current market viewpoint, the public offering was assured when the New York Senate (3/15/60) sent a bill to the Governor which would lift the 4% ceiling on the Authority's bonds, for a period of five years.

In writing weekly on the tax-exempt market, the impression may be gleaned that these bonds in themselves fluctuate somewhat independently of other phases of the bond and securities markets. This, of course, is not the case and it may assuredly be said for rather obvious reasons that U. S. Treasury issues exert more influence on the general bond market than any other category of bonds. Treasury bonds have risen drastically during the past few weeks. All of the longer term issues yielded less than 4¼% at last night's close.

Should the present bond market trend continue, and it seems not unlikely, the question of removing the 4¼% ceiling on long-term Treasury financing might be considered academic from a political viewpoint. It is possible that a moderate amount of long bonds could be floated now at 4¼% or better. This is not to infer that a change in the interest ceiling is not desirable. It is, in reality, a necessity if the Treasury Department is to conduct its debt requirements in a sensible manner.

The Monetary Factors

As the bond market shows further improvement, more implications are brought into consideration. The general level of government bonds prices is approaching an area compatible with a lower discount rate. Were Federal Reserve discount rate action contingent to some extent on the market level, dealers and investors could prepare for a period of lower rates even though it could be but brief. From a money market viewpoint, the year has already proven itself not accurately predictable; bond rates particularly, seem likely to widely fluctuate about an average not far from the current level.

The thinness and consequent volatility of the tax-exempt market may well be kept in mind by both dealers and investors. The concentration of a few large new issues often sets the market back two or three points over night. Admittedly, however, most of us do not fully awaken until late the next morning.

Recent Financing

Two interesting, if not voluminous, underwritings came to market on March 15. An issue of $6,322,000 Allegheny County, Pennsylvania, the largest sale of the week, was awarded to a group headed by the First National City Bank of New York. The interest cost was 3.47% for bonds maturing 1961-1990, with the longest bonds yielding 3.55%. Yesterday morning's balance was about $4,100,000. The day's other important issue was $3,500,000 Jefferson County (Lakewood), Colorado, School District bonds sold to the Harriman Ripley & Company and First Boston Corp. group. The issue was scaled to yield 3.90% for the 1979 maturity. The last two maturities were not reoffered. Current balance is $300,000.

Calendar Continues Light

The new issue calendar remains very light, which adds to the technical strength of the market. Actually, it is lighter for the remainder of March than it usually is for some of the dull summer period. What may come later is no deterrent in considering current bidding. However, as the market trend now goes, a considerably heavier calendar will be gradually generated and underwriters will shoulder more difficult responsibilities. The "Blue List" total of municipal bonds is $303,748,500 at this writing, down from $288,219,500 on Tuesday. A week ago it was $311,830,500. Large blocks of recent new issues are showing in the market as secondary offerings. It would appear that retail placement of new issues during March has not been as broad as initial takedown might have indicated.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	4.00%	3.80%
Connecticut (State)	3¾%	1980-1982	3.55%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.55%	3.40%
New York (State)	3%	1978-1979	3.50%	3.35%
Pennsylvania (State)	3⅜%	1974-1975	3.25%	3.10%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.50%	3.35%
Los Angeles, Calif.	3¾%	1978-1980	3.90%	3.75%
Baltimore, Md.	3¼%	1980	3.70%	3.50%
Cincinnati, Ohio	3½%	1980	3.55%	3.40%
New Orleans, La.	3¼%	1979	3.75%	3.60%
Chicago, Ill.	3¼%	1977	3.85%	3.70%
New York City, N. Y.	3%	1980	4.00%	3.90%

March 16, 1960 Index=3.488%

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

March 17 (Thursday)			
Eastern Kentucky State College, Kentucky	1,900,000	1963-2000	10:00 a.m.
Poughkeepsie, LaGrange, Etc., Central School Dist. No. 1, N. Y.	2,799,000	1961-1989	2:00 p.m.
University City. School Dist., Mo.	2,250,000	1961-1980	2:00 p.m.
March 21 (Monday)			
Edison Township, New Jersey	2,180,000	1961-1985	8:00 p.m.
Euclid, Ohio	2,300,000	1961-1983	1:00 p.m.
Hutchinson, Independent Sch. Dist. No. 423, Minn.	2,395,000	1963-1990	3:00 p.m.
March 22 (Tuesday)			
Dowagiac Union Sch. Dist., Mich.	1,990,000	1962-1989	8:00 p.m.
Gadsen, Alabama	1,000,000	1966-1975	2:00 p.m.
Lawrence, Kansas	1,140,000	1961-1970	11:00 a.m.
Minneapolis, Minn.	6,322,000	1961-1975	10:00 a.m.
South Milwaukee, Wisc.	2,500,000	1961-1980	2:00 p.m.
Toole County, Shelby High School District, Montana	1,200,000	-------	7:30 p.m.
Union County, North Carolina	1,000,000	1962-1981	11:00 a.m.
West Deptford Twp. Sch. D., N. J.	2,250,000	1960-1979	2:00 p.m.
March 23 (Wednesday)			
Battle Creek, Michigan	3,500,000	1962-1990	1:00 p.m.
Morris County, N. J.	1,568,000	1961-1980	2:00 p.m.
Port of Oakland, California	1,600,000	1962-1980	10:00 a.m.
San Juan Unified Sch. Dist., Calif.	2,150,000	1962-1985	10:00 a.m.
Two Rivers, Wisconsin	1,200,000	1961-1980	1:00 p.m.
March 24 (Thursday)			
Athens, Tenn.	1,050,000	1964-1986	2:00 p.m.
North Tonawanda, N. Y.	3,086,000	1960-1987	2:00 p.m.
March 28 (Monday)			
Clackamas County School District No. 7 (P. O. Oswego), Oregon	1,712,000	1961-1980	8:00 p.m.
Parma School District, Ohio	1,200,000	1961-1980	1:00 p.m.
March 29 (Tuesday)			
Charlotte, North Carolina	2,265,000	1961-1984	-------
Islip Union Free S. D. No. 12, N. Y.	5,629,000	1961-1990	11:30 a.m.
Jacksonville, Florida	2,500,000	1960-1974	Noon
Minneapolis Special School Dist. No. 1, Minnesota	1,950,000	1962-1971	10:00 a.m.
Omaha, Nebraska	2,400,000	1962-1970	1:30 p.m.
Riverview Gardens, Missouri	2,085,000	1961-1980	8:00 p.m.
Rockville, Maryland	1,700,000	1961-1990	8:30 p.m.
South Park Ind. Sch. Dist., Texas	2,500,000	1961-1985	10:00 a.m.
Sweetwater Union High S. D., Cal.	1,145,000	1965-1985	10:30 a.m.
March 30 (Wednesday)			
Chicago Board of Education, Ill.	25,000,000	1962-1980	10:00 a.m.
Freeland Community S. D., Mich.	1,800,000	1961-1989	8:00 p.m.
Ladue, School District, Missouri	3,300,000	1961-1980	4:00 p.m.
March 31 (Thursday)			
Austin, Texas	7,500,000	1963-1984	10:00 a.m.
April 4 (Monday)			
Cincinnati School District, Ohio	4,000,000	1961-1984	2:00 p.m.
Florida Development Community, Florida	4,945,000	1962-1990	11:00 a.m.
April 5 (Tuesday)			
Pulaski County, Arkansas	1,250,000	1961-1968	10:00 a.m.
April 6 (Wednesday)			
New Berlin Union Free High Sch. District No. 5, Wisconsin	2,400,000	1961-1980	8:00 p.m.
April 11 (Monday)			
San Jose Unified Sch. Dist., Calif.	3,557,000	-------	-------
April 12 (Tuesday)			
Escambia County Special Tax Sch. District No. 1, Florida	3,235,000	1960-1978	10:00 a.m.
April 13 (Wednesday)			
Palm Springs, California	1,550,000	1961-1980	3:00 p.m.
Steubenville School District, Ohio	4,000,000	1961-1980	1:00 p.m.
April 14 (Thursday)			
Clark County School Dist., Nevada	6,000,000	-------	-------
April 19 (Tuesday)			
*Triborough Bridge & Tunnel Authority, N. Y.	100,000,000	-------	-------
April 27 (Wednesday)			
New York City Housing Authority, New York	20,470,000	1962-2010	11:00 a.m.
April 28 (Thursday)			
Sacramento Municipal Utility District, California	30,000,000	-------	-------
May 3 (Tuesday)			
Pearl River Valley Water Supply District, Mississippi	8,800,000	-------	-------

*Negotiated offering by Dillon, Read & Co., White, Weld & Co., W. E. Morton & Co., and Allen & Co. syndicate.

More Mortgage Funds With Rate Ceiling Off Than On

By Hon. Julian B. Baird, Undersecretary of the Treasury*

Undersecretary submits there will be more mortgage credit available with the removal of the 4¼% ceiling on government bonds than with it on. Moreover, the cost of interim financing, he says, should be lower than otherwise. Our most important economic problem is shown to be the fight against inflation. Mr. Baird depicts the issue as a renewal of the old conflict between those favoring soft-money and pegged-interest rate and those favoring sound money and flexible interest rates. The Treasury official details reasons the ceiling should be entirely removed and explains to what extent the House Ways and Means Committee bill would permit some essential debt lengthening.

Two major and basic problems are facing the people of this country today. They are not the only problems confronting us, but I submit that they overshadow all others in dimension at the present time. The solution of most other questions and the achievement of so many of our hopes and ambitions for the future depend on our finding the right answers to these two major problems. The first is, of course, our national security. We are living in a period of great international tension. We can expect that the situation as we have known it since World War II will vary in intensity. But I believe we must recognize that the cold war, in one form or another, may be with us for a long time.

Julian B. Baird

A correct foreign policy and an adequate defense to back it up is a massive and unbelievably complex job. It is an uncomfortable thought that a wrong course of action, a miscalculation or an error on the part of a single individual in Russia or our country can cause the almost instant destruction of much of what we know in the world. And unless we find some acceptable method of controlled disarmament we have to face the prospect that these atomic playthings may fall into the hands of other aggressive powers.

I would not minimize the dangers we face. On the other hand, it would not make sense to formulate our program of military defense by adding up all of the separate programs that sincere and dedicated military technicians believe necessary in each of their respective fields. A small group—and finally one man—has to strike a balance and make the tough decisions. I, for one, am happy the responsibility rests where it does.

This, then is our first major task—national security. The second is so closely linked with it that one can hardly speak of the two as separable issues.

Our Foremost Economic Need

This second problem—and the one with which I am mainly concerned today—is the maintenance of financial policies, or, more particularly, fiscal, monetary, and debt management policies, that will contribute to preserving the purchasing power of our currency. Without such policies we cannot have sustainable economic growth on the domestic front nor make our proper contribution to the economic progress and stability of the free world.

Men experienced in the field of finance need not be told that the element of confidence is an essential ingredient in financial matters, and that is particularly so where the value of money is concerned.

The lessons of the 1950s seem to me to be very clear, and these lessons point to the primary challenge of the 1960s. Stated simply: Inflation is our primary economic danger as we turn the corner into the new decade. If we do not markedly strengthen our efforts to protect the value of the dollar, much that we have worked so hard for in our domestic economy, as well as internationally, may be lost to us. As President Eisenhower said in his State of the Union Message:

"We must fight inflation as we would a fire that imperils our home. Only by so doing can we prevent it from destroying our salaries, savings, pensions, and insurance, and from gnawing away the very roots of a free, healthy economy and the nation's security."

I know of no industry that has a greater stake in the maintenance of confidence in the dollar than the savings industry.

The United States is a rich country. In many instances, we can afford mistakes in policy—even costly mistakes — and still get back to shore. But loss of confidence in the value of the dollar is not one of these instances. It is a different type of problem entirely. The social and economic losses sustained through serious or prolonged erosion of the currency — which is another term for serious or prolonged inflation—are not easily regained. At best, the damage can be repaired only at the cost of a program of austerity. The hardships and inequities which result from inflation cannot be readily equalized; they deeply injure the moral fiber of the nation. Worst of all, if the example of many other nations means anything, we would be in danger of losing some of our economic freedoms in a drift toward socialism.

Bears on the International Front

Let me take up the international aspect of this problem briefly and then turn to the domestic side. Whether we happen to like it or not, this nation finds itself a leader of the free world—economically, financially, militarily.

The President also pointed out in his State of the Union Message that "Inflation's ravages do not end at the water's edge." He was referring to our international balance of payments position, which has been in deficit in each year since 1949, with the exception of 1957. Recently the deficits have risen to a high level—about $3½ billion in 1958 and approaching $4 billion in 1959. Large deficits cannot be sustained safely for a long period of time if we are to have a satisfactory pattern of our balance of payments and if the dollar is to function properly as the world's major reserve currency.

This heavy and continuing deficit in our international balance of payments situation is a relatively new phenomenon to us. For many decades until this last one, we have enjoyed a generally favorable balance of international payments. Then, largely as a result of wars, our export position became for a time extremely favorable—the shortages of both goods and financial reserves abroad led us properly to help industrial nations rebuild their economies through the Marshall Plan and other measures. But now the "dollar gap" has long since been eliminated. Therefore, we must adjust our thinking to the changed conditions, under which the industrial countries abroad are accumulating surpluses in the form of gold and dollars.

Since World War II our nation has become the world's leading banker — and like the typical banker, we have lent long and borrowed short. Short-term claims on us held by foreign countries, largely deposits in banks and Treasury bills, have built up from under $7 billion at the end of the war to $17 billion at present. Dollar holdings, therefore, supplement gold as the basic international reserves for most of the currencies of the free world.

This means that foreigners now have an important stake in how we manage our affairs, just as depositors have a stake in how a bank is operated.

The administration is taking appropriate steps to try to reduce the size of the payments deficits. It is our resolve that these steps continue to be consistent with our objective of promoting an expanding volume of world trade. But it should be readily apparent that a basic factor in our payments deficits is the cost-price structure in this country. Our ability to expand our exports will be impaired if this structure is not competitive. Here we again come back to the stability of the dollar.

And now let's look at the domestic aspects of the inflation problem.

Discusses the Domestic Aspects

In a complex economy, producing goods and services at a rate of a half-trillion dollars a year, the causes of inflation are bound to be complex; thus there is no simple cure to the inflation problem. Moreover, the task of controlling inflation does not start and stop on the banks of the Potomac; individuals in every walk of life, institutions of all kinds, labor, management — each and every one of us must handle his economic and financial affairs on the basis of enlightened self-interest.

In the last analysis, public opinion will tip the scales. It seems to me that we see evidence of some progress in this respect. Surely there is a growing realization that wages cannot, on the average, increase faster than the over-all increase in productivity without prices following suit. Some of the public opinion polls indicate this lesson is beginning to sink in. Let us hope that we won't have to learn the lesson the hard way as so many other nations have had to do.

No, the Government can't do the job alone, but nevertheless its efforts are the *sine qua non*. The battle against inflation will surely be lost if we fail to maintain financial responsibility in Federal Government activities. By financial responsibility I mean three things: a surplus in the Federal budget during periods of prosperous business activity; monetary discipline, so that excessive expansion in credit and the money supply is not allowed to tip the scales toward inflation; and debt management actions that support anti-inflationary budget and monetary policies.

Can't Finance Deficit Indefinitely

As for the budget—although it was said by many observers that it couldn't be done—the President a year ago submitted to the Congress a balanced budget for the fiscal year 1960. He led such a vigorous fight for its adoption that the President could report in his recent State of the Union Message that the 1960 budget, in spite of the steel strike, is still in balance. Far more important, the President disclosed that the 1961 budget will not only be in balance, but indicates a surplus of $4.2 billion, the largest surplus of his Administration.

The case for balanced budget was taken directly to the people of this country. I believe they are now coming to realize that the United States cannot continue indefinitely to live beyond its income and still be able to fight effectively the external challenges which we face on both military and economic fronts.

A balanced budget is an important and an understandable sym-

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DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Bank Stocks—Earnings comparison of 21 leading stocks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Burnham View—Monthly Investment Letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current **Foreign Letter.**

Buying Values — Discussion in "Monthly Investment Letter" — Carreau & Co., 115 Broadway, New York 6, N. Y. Also in the same circular are discussions of **Ford** and **American Telephone & Telegraph Co.**

Canadian Preferred and Common Shares with advantageous tax position — Wills, Bickle & Co., Ltd., 44 King St., West, Toronto, Ont., Canada.

Domestic Oil Shares—Analysis of outlook — Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

Electric Utility Stocks discussion of 11 stocks with above average yield—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are data on **Chesapeake & Ohio, Zenith Radio** and **Olin Mathieson**, memoranda on **New York Chicago & St. Louis** and **Merck & Co.** and an earnings comparison of the big four **Rubber Companies.**

Electronic Semi-Conductor Stocks — Analysis — Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y. Also available are data on **American Telephone & Telegraph, Avnet Electronics Corporation, Georgia Pacific Corp., Gillette Safety Razor, Rexall Drug & Chemical** and **Warner & Swasey.**

Electronics Industry — Survey with particular reference to **Ampex Corp., Amphenol Borg Electronics Corp., Beckman Instruments, Litton Industries, Inc., Texas Instruments,** and **Varian Associates** — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Government Security Market—Analysis—Aubrey G. Lanston & Co., Inc., 20 Broad St., New York 5, N. Y.

Investment Suggestions—Bulletin — Penington, Colket & Co., 70 Pine St., New York 5, N. Y.

Japanese Stocks—Current Information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

"Life" in the Portfolio—Discussion of life insurance stocks for the investors portfolio—Sutro & Co., Van Nuys Building, Los Angeles 14, Calif.

Montreal Stock Exchange-Canadian Stock Exchange 1959 Year Book—Montreal Stock Exchange, Montreal, Canada.

Mutual Funds & the Life Insurance Agent—Study by Herbert L. Rackliff—First Maine Corp., 84 Exchange St., Portland, Maine. Also available is an analysis of **Maine Insurance Co.**

Odd Lot Investor in 1959—Discussion in March issue of "The Exchange" — Exchange Magazine, 11 Wall St., New York 5, N. Y.—20 cents per copy, $1.50 per year. Also in the same issue is an article on **Investment Clubs** and brief descriptions of **Central Soya Co., Great Western Financial Corp., Gustin Bacon Manufacturing Co., Jonathan Logan, Inc.** and **Transitron Electronic Corp.**

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Paper Industry with particular reference to **Kimberly Clark, Union Bag Camp** and **West Virginia Pulp & Paper**—Memorandum—Eastman Dillon, Union Securities & Co., 15 Broad St., New York 5, N. Y.

Petroleum Situation — Review — Chase Manhattan Bank, Petroleum Department, 18 Pine Street, New York 15, N. Y.

Tax Exempt Bonds — Bulletin — Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

Travelers' Friend—Booklet of useful information for travelers, including a time conversion chart—First National City Bank of New York, Public Relations Department, 55 Wall St., New York 15, N. Y.

Understanding Put & Call Options — Herbert Filer — Crown Publishers. Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

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Alden Electronic & Impulse Recording Equipment Co.—Analysis —V. S. Wickett & Co., Inc., 99 Wall St., New York 5, N. Y. Also available is a study of **Mohawk Business Machines Corp.**

Aldens, Inc.—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Allied Chemical—Memorandum—Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y. Also available are memoranda on **E. J. Korvette** and **Rowe Furniture.**

American Pipe & Construction Co. —Analysis—Hayden, Stone & Co., 5657 Wilshire Blvd., Los Angeles 36, Calif. Also available are data on **Universal Oil Products Co., Aerojet-General Corp.** and **Mead Johnson & Co.** and an analysis of **American Machine & Metals Inc.**

American Research & Development Corp.—Analysis—W. E. Hutton & Co., 14 Wall St., New York 5, N. Y. Also available is an analysis of **Mohasco Industries, Inc.**

American Telephone & Telegraph Co. — Memorandum — Jas. H. Oliphant & Co., 61 Broadway, New York 6, N. Y.

American Viscose Corp.—Report —Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also in the same circular are data on **R. R. Donnelley & Sons Co., Tractor Supply Co., Northern Illinois Gas Co.** and **National Propane Corp.**

American Water Works—Bulletin —Bache & Co., 36 Wall St., New York 5, N. Y. Also available is an analysis of **Imperial Oil Ltd.**

Armstrong Rubber Co.—Analysis —The Milwaukee Co., 207 East Michigan St., Milwaukee 2, Wis. Also available is a review of **McNeil Machine & Engineering Co.**

Asbestos Corporation Limited — Review — James Richardson & Sons, Inc., 14 Wall St., New York 5, N. Y. Also in the same brochure is a review of **Cassiar Asbestos Corporation Ltd.**

Beneficial Finance Co. — Annual report — Beneficial Finance Co., Beneficial Building, Wilmington, Del.

Bigelow Sanford Carpet Co., Inc. —Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Blaw Knox Co.—Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **British Columbia Power Corp., Ltd.**

Cary Chemicals Inc. — Memorandum—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y. Also available are memoranda on **Chemirad Corp.** and **Potash Co. of America.**

CIE Financiere de Suez—Analysis—Bacon, Stevenson & Co., 39 Broadway, New York 6, N. Y.

Columbia Broadcasting System, Inc.—Analysis—Blair & Co., Inc., 20 Broad St., New York 5, N. Y. Also available is an analysis of **Textron, Inc.**

Colgate-Palmolive—Memorandum Gruntal & Co., 50 Broadway, New York 4, N. Y.

Cook Coffee Co. — Analysis — Murch & Co., Inc., Hanna Bldg., Cleveland 15, Ohio.

Crown Cork and Seal Company—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Dayton Aviation Radio & Equipment Corp. — Study — Simmons, Rubin & Co., Inc., 56 Beaver St., New York 4, N. Y.

Detroit Steel Corporation — 37th annual report—Detroit Steel Corporation, R. A. Yoder, V.-P., Finance, Box 4308, Detroit 9, Mich.

R. R. Donnelley & Sons Co. — Analysis—Bateman, Eichler & Co., 453 South Spring St., Los Angeles 13, Calif.

Extrudo Film Corp. — Report — Boenning & Co., 1529 Walnut St., Philadelphia 2, Pa.

Federal Paper Board Company — Bulletin—Bertrand W. Hall & Co., 52 Broadway, New York 4, N. Y.

First Financial Corporation of the West — Analysis — William R. Staats & Co., 640 South Spring St., Los Angeles 14, Calif.

Ford Motor Co.—Review—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif.

Foremost Dairies Inc.—Bulletin—D. M. S. Hegarty & Associates, Inc., 19 Rector Street, New York 6, N. Y.

Franklin National Bank of New York—Analysis—Hallowell, Sulzberger, Jenks Kirkland & Co., Philadelphia National Bank Bldg., Philadelphia 7, Pa.

Frantz Manufacturing Company—Analysis—A. C. Allyn & Co., 122 South La Salle St., Chicago 3, Ill. Also available are reports on the **Oil Industry** and **Gulf States Utilities Co.**

Gence Industries, Inc.—Bulletin—California Investors, 3932 Wilshire Boulevard, Los Angeles 5, Calif.

General Time — Data — Cooley & Co., 100 Pearl St., Hartford 4, Conn. Also in the same circular are data on **American Laundry Machinery, Dejur Amsco Corp., Cincinnati Milling Machine** and **Singer Manufacturing.**

Giannini Controls Corp.—Analysis — Joseph, Walker & Sons, 120 Broadway, New York 5, N. Y.

W. R. Grace & Co. — Review — Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available are data on **Commercial Credit Co., Illinois Power Co., White Motor, Bigelow Sanford Carpet, Mueller Brass** and **American Insurance Co.**

Grand Union Company—Analysis —Gude, Winmill & Co., 1 Wall Street, New York 5, N. Y.

Great Universal Stores — Memorandum—Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York 5, N. Y.

Harshaw Chemical Co.—Analysis —Parrish & Co., 40 Wall St., New York 5, N. Y.

Jerrold Electronics Corp.—Analysis—Binday, Riemer, Collins & James, Inc., 44 Beaver St., New York 4, N. Y.

Jones & Laughlin—Review—Van Alstyne, Noel & Co., 52 Wall St., New York 5, N. Y. Also in the same circular are reviews of **Vandium Corp. of America** and **ABC Vending Corp.**

Kaman Aircraft — Analysis — Dempsey-Tegeler & Co., 210 West Seventh St., Los Angeles 14, Calif. Also available is an analysis of **Biederman Furniture Co.**

Ketjen Chemical Works—Analysis—Pierson, Heldring & Pierson, The Hague, Amsterdam, Netherlands (New York affiliate Amsterdam Overseas Corp., 70 Pine St., New York 5, N. Y.)

Koehring Co.—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Eastern Industries Inc.**

Lerner Stores Corp.—Analysis—Schweickart & Co., 29 Broadway, New York 5, N. Y.

Mangel Stores Corp.—Analysis—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Marsh Foodliners, Inc. — Memorandum — City Securities Corp., Circle Tower, Indianapolis 4, Ind.

Meredith Publishing Company — Analysis—Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y.

National Acceptance Corp. — Report—G. J. Mitchell, Jr. & Co., Securities Building, Washington 5, D. C.

National Vulcanized Fibre—Data —Peter P. McDermott & Co., 42 Broadway New York 4, N. Y. Also in the same circular are data on **Seaboard Finance Co.** and **United Merchants & Manufacturers Inc.**

Pacific Finance Corporation—Annual report—Pacific Finance Corporation, 621 South Hope Street, Los Angeles 17, Calif. or 15 Broad Street, New York 5, N. Y.

Packard Bell Electronics Corp.—Report—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also in the same circular are data on **United Carbon Co.** and **Di Noc Chemical Arts.**

Philadelphia & Reading—Bulletin —Ralph E. Samuel & Co., 2 Broadway, New York 4, N. Y.

Reychem Corp.—Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

R. J. Reynolds Tobacco Company —Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of **American Sugar Refining Co.,** a tabulation of comparative figures on **Large Electric Power & Light Companies,** a review of the **Canadian Gas** picture and an analysis of **International Nickel Company of Canada Limited.**

Salem Brosius, Inc. — Bulletin — Mellott, Pitney, Rowan & Co., 29 Broadway, New York 6, N. Y.

Southern California Edison Co. — Annual report — Southern California Edison Co., A. L. Chavannes, Secretary, P. O. Box 351, Los Angeles, 53, Calif.

TXL Oil — Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

Transitron—Data—Shields & Co., 44 Wall St., New York 5, N. Y. Also in the same circular are data on **Baird Atomic.**

Tuboscope — Memorandum — Oppenheimer & Co., 25 Broad St., New York 4, N. Y.

Tung Sol Electric Inc.—Review—Hardy & Co., 30 Broad Street, New York 4, N. Y.

Universal Oil Products Co.—Report—Hill, Darlington & Co., 40 Wall St., New York 5, N. Y.

Wellington Management Co. — Analysis — Butcher & Sherrerd, 1500 Walnut St., Philadelphia 3, Pa.

White Stores—Analysis—H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available is a bulletin on **New York Central, Pittsburgh & Lake Erie,** and **Peoria & Eastern** and data on **Southern California Edison, New England Gas & Electric, Illinois Power** and **Baltimore Gas & Electric,** an analysis of **Celanese Corp.** and a review of high yield **Railroad** equities.

Named Directors

Daniel Cowin and Louis Hubshman, Jr., have been elected directors of National Equipment Rental, Ltd., it was announced by Morris Silverman, President. The new directors are with the investment banking firm of Burnham & Co., which recently underwrote a $2,500,000 issue of debentures, warrants, and common stock for the company and certain stockholders.

Diamond, Turk Partners

Paul Asnes and Leonard Turk have become partners in Diamond, Turk & Company, 120 Broadway, New York City, members of the American Stock Exchange.

Are We Headed for a Major Business Downturn Now?

By Robert S. Nattell

Bill of particulars holds economy is in a more serious shape than that generally suspected and is now at its peak heading for a recessionary turn which may not become obvious until after Labor Day. Cited are the actual performance of numerous leading indicators which, also, denote absence of a taunt recovery-springboard compared to previous WWII postwar downturn periods.

Has a business recession started? One of the most reliable methods of forecasting when a recession is due is the use of the so-called "leading indicator" method. There are many "leading" economic indicators that always move ahead of the business cycle that have proven to be the most reliable over the years in forecasting turns in the business cycle. These leading indicators turn up and down many months before industrial production. These so-called advanced indicators of the business cycle have always forewarned of a coming business recession even though perhaps one or two of them might temporarily give a confusing signal.

Robert S. Nattell

One of the most important of these leading indicators is new orders received by businessmen. Future production depends on the rate of new orders coming in. Before production can be cutback, new orders must drop for quite a few months. As long as businessmen have large amounts of rising new orders, they will naturally continue to increase production. Unfortunately at the present time the total number of new orders saw its peak nine months ago and in the latest figures, even after the settlement of the steel strike, had turned down. In the last business recession, business turned down about nine months **after** the peak area of new orders, so from that standpoint, the present lagging action of new orders is very ominous.

Another very reliable leading indicator is residential building. This has always been one of the first economic indicators to turn down before a downturn in business. The peak of residential construction occurred in late 1958 and then turned down and now has become quite weak.

Total liabilities of business failures usually start to rise rapidly as failures increase under a money strain near the top of a cycle. Any sharp increase in failures is often a danger sign of a weakening financial structure. Total liabilities of business failures have been edging up for the past year or so and in the past few weeks total failures have taken a sharp rise.

The average hours worked per week is another excellent business indicator because before there is any unemployment layoffs, overtime is first reduced and then the work week shortened. That is why if average hours worked per week in industry starts to shorten or stops increasing, it is almost always a sign of the recovery getting tired and possible layoffs later. The peak of average hours worked occurred in the summer of 1959 and then turned down sharply. Right after the settlement of the steel strike there was a strong recovery but it never came back to its old peak and now average hours worked per week appear to be weakening.

Raw material prices are a sensitive indicator because before business produces, it must first buy raw materials. Any sharp weakening in raw industrial prices is always a sign of a slowdown in future manufacturing plans. For instance, in the summer of 1957, when everyone was so optimistic and looking for an after Labor Day upsurge in business, raw industrial prices took a sudden nose dive. This was a very ominous sign as it pointed to a possible after Labor Day slump rather than boom. Recently raw industrial prices saw their peak in the summer of 1959 and then held fairly steady. Unfortunately for the future prospects of business, in the past two months raw industrial prices have been in a sharp decline with such sensitive commodities as steel scrap and copper going into a nose-dive. This, in my opinion, is another sign that we may possibly be in the frist stages of another business recession. There are many other leading indicators such as industrial stock prices, commercial and industrial building, new incorporations, paper board orders, oak flooring, backlogs of business and other various economic ratios that all of which have great forecasting value.

Peak Recovery May Be Now

At the present time most of these indicators do not look good and are acting suspiciously like they did in the summer of 1957 before the sharp business downturn. What this could mean is that we are at the peak of the recovery and are going into a recession that may possibly not become too obvious until after Labor Day. However, due to the factor that total backlogs of manufacturer's orders are so low, a downturn in business this time could be very rapid.

What particularly disturbs me at this time is that while in previous business recoveries manufacturers had unfilled orders equalling anywhere from four to six months of shipments, today total manufacturers' backlogs of unfilled orders equal only three months of shipments. The danger here is that any downturn in new orders would be immediately reflected in cutbacks in production because manufacturers do not have any backlogs to live on for too long a time.

In the postwar period, recoveries in the business cycle have usually lasted about three years and that is why most economists today feel that the present recovery and business boom is safe until at least the middle of 1961 when it would then be a little over three years old. In the postwar period after World War I, however, the recovery cycle in business was much shorter, only lasting around two years. The final recovery in business before the great depression lasted from only November 1927 to August 1929, less than two years.

It is my opinion that the outbreak of the Korean War with its accompanying huge defense spending without a doubt prolonged the business recovery periods from June 1949 onward. As a result of the Korean War and the cold war industry built up huge backlogs of orders that due to limited capacity they could not quickly fill. This tended to prolong recovery periods as they attempted to whittle down backlogs. For instance at the peak of the last business recovery in 1957 backlogs of orders to business equalled $61 billion. Today at a much higher rate of production backlogs are only around $50 billion. As a result of the large backlogs of orders this tended to stimulate capital goods spending and the building up of large capacity in industry and a furthering of the boom. Now we have reached the point where all industry has excess capacity and even now during the peak of recovery it can turn out more goods than it has orders, resulting in backlogs declining. We believe that the present recovery is now perhaps ending and is much shorter than the others due to smaller backlogs of orders and the great over-capacity in industry.

Other Negative Factors

Manufacturer's inventories in January came to $53.2 billion which just about equalled the over-extended level that they were in May of 1957. At that time inventories were so excessive that it resulted in a business recession starting. Today inventories are just as excessive and are mounting at an even more rapid pace than in the first part of 1957.

New construction has turned down sharply, more so than any time in the postwar period. Spending by the Government which will now run a surplus, is another negative factor. At the present rate of rapid inventory accumulation which must slow down and then reverse, with declining new construction and with Government spending negative or at best a neutral factor, the only thing that could possibly offset all these major depressing components of the gross private domestic investment would be an upward surge in capital goods spending. Unfortunately capital goods spending does not have much vigor. While in the previous recovery, capital goods spending within six months of the bottom of the recession was at a new peak, this time after nearly two years from the recession bottom, capital goods spending still lags.

Machine tool orders especially for metal cutting tools which are often a sensitive leading barometer of capital goods spending intensions have actually turned down and show no vigor. Excess capacity throughout all industry rules out any capital goods spending boom that saved the economy back in 1956 when inventory build-up then started to slow down. This time nothing can come to the rescue of the faltering economy except perhaps an outbreak of a Korea type war, or a sudden great heightening of the cold war. In this respect actually the very opposite might occur with any kind of disarmament or the lessening of tensions as the result of the coming summit meeting which would come as a depressive influence on the economy just at the most vulnerable time.

A great added danger in the present situation is that on top of our long reconstruction boom, we have built a speculative bubble in the stock market. While we said we would never do it again, the public has once more over-paid for stocks on the basis of earnings and yields. The danger in the coming recession is that not only do you have an over-built credit and capacity structure to correct but also an over-extended stock market. An added complication to this situation is the fact that we now have an international balance of payments problem so that any easing of money rates to fight the coming recession would find strong pressure against the dollar internationally in the form of large gold outflows. We might, therefore, be faced with the problem of devaluation or deflation. Either fight the coming recession and risk a run on the dollar or try to save the dollar and risk the danger of the recession turning into a depression. The present situation is far more serious than the advocates of the "soaring '60s" would have us believe.

Laidlaw & Co. To Admit Partners

Laidlaw & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on April 1 will admit Edward D. Fraser, Brookes F. Gassage, William B. Harris and Elliot C. Laidlaw, Jr., to partnership. Mr. Fraser and Mr. Gossage will make their headquarters at the firm's Toronto office, Dominion Bank Building, of which they are resident managers.

Conway Brothers Add Three to Sales Staff

DES MOINES, Iowa — Conway Brothers, Equitable Building, have announced the association with them of Norman V. Conway, Jr., who will be a sales representative in the organization. Mr. Conway comes to the firm from Firestone Tire & Rubber Co., after three years in that company's time study department.

Robert Dental and Manfred Kiess have also joined the firm as sales representatives. In the past Mr. Dental was with Employers Mutual Casualty Co., of Des Moines. Mr. Kiess has recently completed three years' overseas service with the armed forces. Prior to this he was graduated from Iowa State University, majoring in business administration.

Business Activity Situation In Western Europe

By Irvin F. Westheimer, Westheimer & Company, Cincinnati, Ohio

Recently returned from Western Europe, Cincinnati investment banker transcribes his analysis of each country visited. He does not skip the problems nor the encouraging and positive factors encountered in each country which support his overall conclusion that the highly satisfactory situation for the region may continue for the remainder of 1960 providing the political sky continues serene. He recounts, for example, that Italy remains the political weak link amongst the Western European countries, that France has more machine tool orders than it can handle, and that there are many parallelisms between Western European and United States economies.

The year 1959 was a vintage year for the European economy. "It may be a long time before Western Europe again sees an economic year as good as 1959," writes Edwin L. Dale, Jr., London Correspondent of The New York "Times," in a recent survey of economic conditions in Western Europe. What a change in 10 years!

Irvin F. Westheimer

Favorable economic conditions have been influenced to a great part by political factors, both internal and external.

As in the United States, the political climate in Western Europe has been better than in preceding years. Although many basic problems still are unresolved, tension has been lessened.

An important political factor has been the decline of leftwing radicalism, represented by the Socialist and Communist parties. A tendency towards the right rather than to the left has been clearly widened. In West Germany, the Communist party is outlawed. The Social-Democrats form a strong opposition in Parliament but Adenauer, despite his 84 years a vigorous and respected leader, and Professor Ludwig Erhard, the architect of the German "economic miracle" have the political and economic situation well in hand.

In France, the Socialist and Communist parties have been liquidated. After about two years in power DeGaulle has emerged with a strong, vigorous government although the Algerian problem is far from being solved as evidenced by the insurrection during the latter part of January. President DeGaulle has suppressed the movement with firmness, ability and rapidity and the powers accorded to the President immediately after the insurrection show the high degree of confidence DeGaulle enjoys. There is no desire for a return of the discredited parliamentary system and DeGaulle's quiet and paternalistic dictatorship remains uncontested.

The electoral victory of Macmillan and the Conservatives last October was expected, but not in the form of a real landslide. For the next five years, at least, the Labor Party will present a loyal opposition. Showpieces of the labor program, such as nationalization and austerity have lost any attraction and there is no secret that labor leaders feel it would be better to drop those doctrinarial postulates.

Italy, politically the weakest link, has been governed since February, 1959, by Premier Antonio Segni, an experienced and moderate politician, looking more to the right than to the left for parliamentry support. Prospects that the Communists or leftwing Socialists may enter the Government are more than doubtful.

Some Common Traits

Although Western Europe forms neither a political nor economic unit, there are several common traits which appeal to all countries of Western Europe, namely:

(1) During 1959 the mild recession of 1958 was not only ended but followed by a new and vigorous upsurge of business activity, industrial production, foreign trade, consumer buying, investments, and so on.

(2) Prices remained fairly stable, at least until late 1959 when inflationary pressure became stronger, a consequence of higher food prices resulting from the great summer drought and vigorous economic expansion.

(3) During the first year of inter-convertibility, West European currencies showed no sign of strain and maintained their stability in relation to the dollar.

(4) Foreign trade was excellent. Trade relations with the U. S. were characterized by a sharp increase in European exports to the U. S. and reduced imports from our country. The surplus of the American trade balance with Western Europe has been substantially reduced.

(5) Reserves of gold and foreign exchange advanced, reaching new highs while sterling debts were reduced. Stock markets were bullish.

On the negative side we may mention the poor conditions prevailing in the coal mining and ship building industries.

ECM and FTZ

Negotiations between the U. S. and the two European economic blocs — the European Economic Market and the Free Trade Zone —will begin this September in Geneva under the GATT (General Agreement on Tariffs and Trade). The bargaining power of the ECM — France, Italy, West Germany, Belgium, Holland and Luxembourg—will be much stronger than the bargaining power of the FTZ countries—Britain, Denmark, Norway, Sweden, Switzerland, Austria and Portugal—as the economic interests of the first group are more compact and homogeneous than those of the second.

In American circles it is feared that when the ECM sets up its common external tariff wall in 1962 American exporters will have great difficulty in competing with let us say German producers of machinery and industrial equipment, exporting to Italy and France and benefiting from shrinking custom duties to become completely abolished in a foreseeable future.

Those preoccupations and the uncertainty about the future tariff policy of the ECM have induced American exporters who do not wish to lose their markets to establish American plants or in making working arrangements with European companies.

The first half of 1959 has shown a significant increase in private American investments in the ECM territory—$122 million against $42 million for the same period of 1958. The share of the six ECM countries in American global investments has been rising faster than in all other foreign areas combined. Between 1950 and 1959 American private investments rose in Belgium from $65 million to $163 million; in Holland from $84 million to $225 million; in France from $227 million to $527 million; in West Germany from $204 million to $574 million; in Italy from $63 million to $264 million; in Luxembourg from $5 million to $7 million. At the end of the second half of 1959 private American investments in the ECM territory were estimated at $1.9 billion. The American petroleum industry is the leading investor.

As we make a brief "tour d'Horizon" of the principal countries of Western Europe we present the following picture:

Britain

Politically and economically 1959 has been excellent. Last September industrial production was 9% over 1958. During the first half of 1959 British exports showed the substantial surplus of £142,000,000 ($397 million) over imports. There was every reason to believe that the second half would show another good surplus. Despite large debt and other payments, gold and dollar reserves held by Britain as central banker of the Sterling group remained high and fears that the convertibility might impair the stability of the pound were groundless. During most of 1959 the pound was slightly above the $2.80 parity.

At the close of 1959 the picture, however, was less favorable although far from causing any apprehension. Imports rose more rapidly than exports, and last December for the first time in nearly a year the quotation of the pound fell slightly below the dollar parity, while on the same day the Treasury announced that gold reserves had fallen in November, for the first time in two years. Experts, however, remained undisturbed, feeling that the main reason for the drop was to be found in the higher rates offered for short-term funds in New York, West Germany and other places. In October, following the conservative landslide, the London stock market had one of its biggest one-day advances and also its largest day's volume in history.

France

After the great political, economic, social and financial reforms carried out by the DeGaulle regime, France's economy rapidly regained its dynamism and strength, this time differing only in that the political side was also sound. There is little pessimism regarding the future although there are some reservations because of the Algerian problem.

The most spectacular result of the French economic recovery was the growth of gold reserves which last summer achieved a record of $2 billion. From October, 1958 to October, 1959 industrial production advanced 6.7%. The automobile industry producing well over one million vehicles a year with exports to the U. S. increased by 44%. The French machine tool industry received more orders than they could handle. (Would that one could say the same thing about our American machine tool industry.) Tourism was excellent with more than five million foreign visitors.

On the negative side is the situation in the coal mining industry which resulted in the shifting of a part of the labor force to other industries, and the lack of orders in the shipbuilding industry, despite the fact that a new streamlined 67,000 ton super-passenger liner "La France" is now under construction, scheduled for her maiden trip to New York in the fall of 1961.

As the upward trend of wages and prices, moderate but steady, becomes stronger and stronger, French economists, as do most of their other European colleagues, have to answer the following important questions: Will increasing inflationary pressure imperil the Government's efforts to maintain financial stability and the firm position of the franc? Will the resurgence of the economy transform the present trade surplus into a deficit by provoking increased imports of raw material to satisfy industrial needs while domestic demands for partly finished or finished goods may curtail the export volume? If we add the still difficult Algerian situation, we may say that despite the excellence of 1959 and the optimism towards the future, problems are not lacking in the French economic picture.

Italy

After the hectic developments of preceding eras, 1958 was relatively quiet. But in 1959 the Italian economy leaped forward again. Among Italian industries the chemical, in particular the petrochemical, showed the largest gains with an increase of 19% in 1959 and 13% in 1958. Business also was very good in the metallurgical industries, with the exception of shipbuilding, the automobile, typewriter and calculating machines trades. The picture was less satisfactory in the machinery and textile industries.

The development of Italo-America trade relations is interesting. During the first nine months of 1959 American exports to Italy dropped from $407 million (1958) to $278 million, while American imports from Italy increased from $170 million (1958) to $240 million (1959). The surplus of the American trade balance with Italy was sharply reduced from $237 million to $29 million. The shrinking is not only due to increased Italian exports to the U. S. but also to the fact that as supplier the U. S. lost ground to Germany and France. For example, during the first nine months of 1959, compared with the same period of 1958, the American share in Italian imports of raw cotton fell from 73% to 26%; of iron and steel scrap from 55% to 22%; of chemicals from 29% to 23%, and so on. It can be said that American trade with other West European countries shows a similar pattern.

One interesting fact is the extreme liquidity of Italian banks which "swim" in money while gold and dollar reserves have reached a record of $3.5 billion. The extreme liquidity is not only the result of good business and a high level of savings, but also the result of the government's ambiguous attitude toward the question which for years has disturbed Italian economists, namely free or state controlled economy? When Signor Antonio Segni became Premier last February he promised greater economic freedom, but the promise was not kept. Although new state enterprises were not created, the power and influence of the existing ones have not been curbed as illustrated by the opening of a new $100 million plant near Ravenna, belonging to the ENI, the state controlled petroleum trust. As long as the government maintains this vacillating policy in the controversy between a liberal and a state-controlled economy, the Italian investor will remain cautious.

West Germany

At the end of 1959 the following story was circulated in Bonn. Asked by an American reporter about the present economic situation, Prof. Ludwig Erhard, the German Minister of Economy, replied: "Good," but added after a brief reflection, "TOO GOOD."

And that is true. During the entire year of 1959 the German economic boom continued. Economic leaders view this vigorous economic expansion with some concern. They know that a boom cannot last forever and the German people have demonstrated that setbacks are not taken philosophically. A slump may result not only in economic distress but also in political unrest such as occurred during the great economic crisis of the thirties.

What makes German economy "too good" was a flood of industrial orders, a sharply expanding development in housing construction, an excess of demand over production, and a tight labor market. At the end of September,

1959 there were only 190,000 registered unemployed, less than 1% of the labor force, with more than 300,000 vacancies. 9% of industrial orders received during 1959 had to be postponed to 1960. Industries, like textiles and shoes, which in 1958 had shown a slowdown were running again at full blast.

Gold and dollar reserves reached a new record of some $6 billion and when in 1959 the reserves were reduced by some $1 billion, Treasury officials were satisfied as the outflow proved that Germany was not draining the resources of other countries. But in October $100 million reentered, in November $200 million. . . .

West Germany today is a large capital exporting country. According to the Bonn Ministry of Economy West German corporations have invested some $570 million abroad between 1952 and 1959. Of the total amount $287 million was invested in the Western Hemisphere ($116 million alone in Brazil) and $45 million in American and $80 million in Canadian industries.

Switzerland

Switzerland remained the peaceful and prosperous oasis in the heart of Europe. In 1959, however, the usual quiet Swiss economy emerged with a sharply accelerated activity, particularly as to exports. There was increased revenue from tourism, insurance and investments abroad. The rise in watch exports from a low of 92 in January, 1959 (index 1949=100) to a high of 231 last October was spectacular.

Swiss economic preoccupations are related to the antagonism between the two European economic blocs, the ECM and FTZ. While Switzerland is a member of the FTZ group, the ECM countries have much greater importance for Switzerland than those of the FTZ. In addition, Switzerland depends upon Germany and Italy for the supply of some 300,000 seasonal workers, indispensable for the Swiss industry. Better economic conditions in Germany and Italy make the recruitment more difficult and a formal break between the ECM and the FTZ would render this problem even more complicated. Switzerland still hopes that a compromise solution may be found satisfactory to the ECM as well as the FTZ countries.

Belgium and Luxembourg

Belgium is more sensitive to international fluctuations than other West European countries. The American recession of 1958 hit Belgium hard and industrial production in Belgium fell sharply by some 10%. There was a slight gain in the fall of 1958, but real recovery started just last April. During the first nine months of 1959 industrial production exceeded the 1958 level by 5%.

Exports constitute some 40% of the Belgian GNP. It is therefore understandable that one of Belgium's principal goals is to double exports to the U. S. where good markets exist for glassware, china, linen, broadloom carpeting and other textile specialties.

In banking circles a favorable evolution of industrial activity combined with increased exports is predicted for 1960.

The Netherlands

Like Switzerland, the Netherlands offer a picture of peace and solid prosperity.

Nineteen fifty-nine has been very good in every respect. Industrial production in general rose by 8% while some industries, like the metallurgical one, showed greater gains (20%.) Private investments, reflecting the confidence of the public, increased by 14%, public ones by 4%. Exports to the U. S. increased by 23%. The Dutch currency remained one of the strongest in Europe. Gold reserves held by the Netherland's Central Bank were just over five billion guilders ($1,850 million).

One of the government's chief policies consists in keeping national spending in balance with national resources and to avoid recurrence of over-spending as happened in 1956 and 1957. Much of the future development will depend upon the wage trend. It is hoped that the Dutch trade unions will remain reasonable in their demands for wage increases and that the peace on the labor front will not be disturbed.

Conclusion and Outlook

From the preceding observations it may be concluded that the highly satisfactory situation in Western Europe may continue in 1960, provided that the political sky remains serene.

We Americans have no serious political or economic problems with Western Europe. We are interested in the continuation of good economic conditions, in the expansion of trade relations although the surplus of the American trade balance may dwindle. American ingenuity in offering new products or concluding working arrangements with European enterprises, may strengthen the American position despite some preoccupation with the future custom policy of the ECM.

There is, however, one question mark and it is interesting to note that in this respect there is some parallelism between the West European economy and our own.

For years business activity in Western Europe has been running on a very high level, in some countries resembling a boom. On the other hand, the inflationary spiral of higher wages, higher prices is one of the less gratifying results of booming conditions.

The question therefore is whether in the interest of a basically sound economy capable of resisting inflationary pressure a slight slowdown or "cooling off" period would not be preferable particularly for economies like the West German one which for years has been running in high gear.

A good economist should be interested in the present only for what it will tell him of the future. What, then, are the lessons of the present? Can the economy of Western Europe operate in high gear and at the same time resist the built-in inflationary pressures? The writer-observer or economist — does not know the answer for Western Europe nor for our own country.

Addendum

After the compilation of my article, Premier Antonio Segni has offered his resignation having been in office for about one year.

When Segni became Prime Minister, he received the parliamentary support from the parties of the right; liberals, monarchists and neo-fascists in the hope that the new government would become protagonist of a policy acceptable to the right opposition. Those expectations, however, were disappointed. In his economic policy, Segni has not fulfilled the promises he gave when he took over the government. He has neither curbed nor reduced the number of state controlled enterprises. In addition, the recent trip of President Gronchi, accompanied by Foreign Minister Palla to Moscow was considered in many circles as a friendly movement to the left. For economic and political reasons, the liberals decided to withdraw their support to Segni who has motivated his resignation with the impossibility to find a middle-of-the-road policy between the pressure from the left and from the right.

The real trouble behind the Italian political scene consists in the fact that the Christian Democrats, the strongest political party, is a "divided house" with supporters for a combination with the left wing Socialists and others who desire a closer cooperation with the opposition of the right. In consequence, even among his own party, Segni was unable to find support for a clear-cut policy.

Whoever will be the successor of Segni — probably another Christian Democrat—will confront the same difficulties and therefore Italy will remain politically the weakest link among the West European powers. Fortunately, the political weakness has no great influence upon the increasing economic strength.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

We are getting so strong and powerful as a nation that we are helpless. Little nations keep nipping at our heels. There was a time when we were a creditor nation and we could tell any country that mistreated our nationals to atone or take the consequences.

We used to send troops into Mexico, into Nicaragua at the slightest pretext. But now with Castro of Cuba insulting us, seizing the property of our nationals, we are completely immobilized.

At first we were afraid of the impression that it would create in other Latin American countries. But President Eisenhower on his recent tour learned that the Latin American countries wondered why we didn't do something. Mr. Eisenhower returned, it is understood, with the opinion that, perhaps, it was time to take some action.

He asked Congress for discretionary power to change the sugar quotas whereby he could cut off the Cuban sugar supply. But notwithstanding that there have been demands in Congress that he do something, Chairman Cooley of the House Agriculture Committee, said we should wait awhile.

For one thing, it is argued, if we took Cuba's sugar quota away the world price of sugar would go up and we would have to pay a higher price for sugar.

It is also argued that any action of that kind on our part would only hurt the Cuban people whom we are supposed to love. Then, it is argued that if we take this action Castro will seize the rest of the American properties in Cuba, despite the fact that he is already acting to seize them as fast as he can.

Indeed, we are in a helpless state. All of our strength is being massed for Russia. That will be an all-out war. With the smaller nations we have no power of discipline at all.

Americans are being urged to invest in foreign countries, particularly the underpriviledged ones. In view of our official attitude, I think they would be fools to do so. The underpriviledged countries realize that they can act up at any time and our nationals have no protection at all.

There were rumors probably inspired, around Washington several weeks ago that Russia had given the Cubans some guided missiles. But it doesn't take anything as strong as that to completely stop us.

It is even argued that to break off diplomatic relations with Castro would only throw him into the Soviet camp. Where is the Spirit of Camp David.

A bunch of students in Panama demonstrate and our reaction is immediately to talk about giving them the sovereignity of the Panama Canal.

One can wonder about the good old days when we were not so strong but protected our nationals all over the world.

Changing the subject, the most sensible statement that has been made in the Civil Rights debate was that by Senator Capehart of Indiana.

Made about seven o'clock at night at a time when it couldn't hit the press, he rose in his seat after listening to seven hours of oratory and said:

"I happen to have been in Denmark when the Little Rock incident occurred. I went to Norway, Sweden, Russia and other countries. Everywhere I went, it seemed that those at every press conference I had, wanted to jump right down my throat on that incident and that they were unable to ask questions about Little Rock fast enough to satisfy themselves.

"They would ask me, 'What about Little Rock? Tell us why the people in your country are persecuting the colored people there?'

"In every instance I took time to point out, for 15 or 20 minutes, that, in the United States, the colored people are protected—that they enjoy many of the things I shall now mention. It is perfectly natural that I spoke particularly from the standpoint of conditions which exist in my own state of Indiana.

"I pointed out that there are more colored people in universities and colleges in the United States than the number of white people who are in universities and colleges in any other country in the world.

"I pointed out that in the United States colored people belong to labor organizations, and receive equal pay for equal work.

"I pointed out that in our country colored people and white people attend school together; that I myself, when I went to school in Indiana, went to school with colored people."

The Senator went on to say that every colored man in the country should wire the Senate and ask it to stop telling about the wrongs to Negroes. We should start tellng everybody, he said, about the wonderful place it is to live in.

Form Barrett & Williams

Barrett & Williams, Inc., members of the New York Stock Exchange, is being formed as of March 17 with offices at 61 Broadway, New York City. Officers are Oscar K. Williams, President and Treasurer; John E. Barrett, Chairman of the Board and Executive Vice-President; and John F. Flannery, Secretary. All were partners in Barrett & Company, which has been dissolved.

Phila. Secs. Ass'n to Hold Luncheon Meet'g

PHILADELPHIA, Pa.—George M. Szabad, Vice-President and counsel of Burndy Corp., will be guest speaker at a luncheon meeting of the Philadelphia Securities Association to be held Wednesday, March 23 at Barclay Hotel, Philadelphia.

Frederick T. J. Clement of Drexel & Co. is in charge of arrangements.

British Equities' Weakness May Not Continue for Long

By Paul Einzig

The London Stock Exchanges' weakness does not stem from the economy's outlook according to Dr. Einzig. Rather, he concludes, it is due to the unjustified sympathetic reaction to Wall Street and to the assumption that the British Government's disinflationary policies will be successful. In the meantime the economist does not foresee a promising outlook for equities so long as investors' bearish conclusions remain. However, the writer predicts inflation will resume its course in 1960 and with it a flight into equities at the expense of the gilt-edge market and liquid funds.

LONDON, Eng. — The weakness of Wall Street during the first 10 days of March resulted in a corresponding gloomy tendency on the London Stock Exchange. Day after day prices declined in sympathy with the declines reported from Wall Street on the previous day. This in spite of the fact that most commentators in the financial columns of the British press were doing their best to convince their readers that this fall in British equities had no justification. They pointed out that there is no reason why the London Stock Exchange should follow Wall Street since business conditions and prospects in the two countries are totally different. The boom may or may not have passed its peak in the United States, but the business cycle in Britain is still on the upward swing. All the arguments were of no avail. The London Stock Exchange was determined to remain gloomy even though it made a half-hearted response each time there were signs of recovery in Wall Street.

The pessimistic attitude of British investors may be explained partly on the ground of the view they have taken concerning the Government's monetary and financial policies. It is now evident that the Government is prepared to resort to drastic measures to prevent a revival of inflation. There will be every occasion for resorting to such measures in the near future, owing to the inflationary effect of the wage increases to railroad employees. When the impending negotiations are completed the average increase will be about 10%. This will set the pace for an all-round increase of wages by 10%. And even though the railwaymen's claim is conceded on the ground that they are badly paid compared with other workers, once the new turn in the wages spiral has taken its full course the railroad employees will become fully as much underpaid compared with other industries as they had been before their wage increase. So they will be ready to ask for another rise, once more on the ground that they are underpaid.

Budget and Inflation Fears

In face of such inflationary developments the Government may have to apply monetary disinflationary measures in the form of high interest rates and credit squeeze. The anticipation of such measures is in itself sufficient to send shivers down the spine of investors in British equities. Although the fall in Wall Street is the immediate visible cause of the weakness on the London Stock Exchange, fears of the effect of the Government's disinflationary monetary policy are undoubtedly present in the minds of those who sell their equities.

Such fears are further reinforced by the unfavorable change in the Budgetary situation. The deficit for the current year is now expected to be larger than had been anticipated, and estimates for the 1960-61 show a further substantial increase in expenditure. While a month or two ago it was widely assumed that the Chancellor of the Exchequer would be able to reduce taxation, the most that optimists now dare to expect is a "standstill" Budget with no substantial changes either way. As for the pessimists, they envisaged a possibility of higher taxation to cover at least part of the Government Budgetary deficit.

In the circumstances it is no wonder that there is a growing resentment among Government supporters in the House of Commons against the non-stop rise in expenditure. For the first time since the years that followed the conclusion of the first World War a crusading fever in favor of cutting expenditure appears to have developed. During the past 40 years the House of Commons, which had come into being seven centuries ago primarily for the purpose of safeguarding the taxpayers' interest, appeared to have lost interest almost completely in its right and duty to scrutinize public expenditure. Parliamentary time allotted for that purpose has been used for debates on general subjects which bore little or no relevance to the estimate items over which the debates were supposed to take place. A handful of Conservative members of Parliament, headed by Viscount Hinchingbrooke have now embarked on a campaign aiming at bringing this unsatisfactory state of affairs to an end. They want to force the House of Commons resume detailed scrutiny of estimates in the hope that in doing so it might be possible to cut down public expenditure, or at any rate to slow down its increase.

It may take some time before this movement could produce any results even if it is successful. Meanwhile the Government has to resist inflation by mopping up the spending power it is creating through its own excessive spending. On the assumption that these disinflationary policies will be fully successful the outlook for British equities would be anything but promising.

Expects Inflation to Resume

The chances are, however, on balance, that inflation will resume its course during 1960. Should that occur the flight into equities would be resumed. There would be another wave of pessimism regarding the prospects of the gilt-edged market, and holders of liquid funds would hasten to invest in equities as a hedge against the effect of inflation on the purchasing power of the pound. The Government's disinflationary measures are not likely to be sufficiently drastic to be really effective unless and until another attack should develop on sterling, involving considerable losses of gold. At the moment such an attack does not appear likely, however.

STATE OF TRADE AND INDUSTRY

Continued from page 5

will ease in the second quarter, no big drop is anticipated. The national ingot rate will average 80% to 85% for the period. Individual mills, particularly those specializing in wire and tubular products, may experience greater setbacks.

Despite cutbacks from some of their automotive customers, cold rolled sheet producers are confident of near capacity operations through June. Some mills are actually thankful for plans by auto builders to curtail production by 15% to 20%. Sheet producers tried to anticipate automotive cutbacks by booking all the business they could get—even when that meant booking beyond capacity.

Japan has ordered more than a half million tons of steelmaking scrap for delivery in the second quarter. That may help firm up the scrap market, which has dropped $7 a ton in the past month, "Steel" reported.

Last week, "Steel's" composite on No. 1 heavy melting grade dropped another 67 cents to $34.33 a gross ton. A month ago, it was $41.50.

The U. S. aluminum industry will shatter all previous sales and production records this year.

"Steel" predicts that primary aluminum production will total around 2.1 million tons, up 8% from 1959. It looks for sales to rise 10% to 15%.

Things look as bright to users as to producers. There is more than enough aluminum available to fill demand. And consumers will be able to buy metal throughout the year at prices close to current quotations. They might even pay a little less for certain products.

Political instability in Cuba poses no threat to the domestic supply of nickel, "Steel" reported.

It's entirely possible that Castro's harassment of nickel interests might result in shutting off the flow of metal before too long. Shipments have already been curtailed. And Freeport Nickel Co. is suspending its Moa Bay, Cuba, operation.

But any short term pinch could be met by release of government stockpiled metal. If the need arises, producers can expand present facilities and open new ones in 1961; new Canadian facilities also go into full production.

Steel Industry Moving Toward Normal Conditions

The shakedown period in the steel market is just about completed "The Iron Age" reports.

After April tonnage is shipped, the market will settle down to the first normal period in years, with few artificial factors to affect the relationship of steel consumption to orders.

This means that the market will react to short-term factors such as seasonal adjustments, auto sales, and other business cycles, the national metalworking weekly comments.

This is in contrast to artificial pressures that have characterized the entire postwar period. These include abnormal buildups and cutbacks of inventory, price and strike hedge buying, and extreme shortages generally resulting from periodic strikes.

April will be a good month for the steel industry in terms of shipments. But unless the rate of new orders picks up, the operating rate is sure to drop off sharply, "The Iron Age" says.

The rate of new orders for May and June is disappointing, and steel sales offices are putting on all possible pressure to line up sizable orders.

However, the slow rate of incoming business today does not mean the market has collapsed. Many major users are holding off as long as possible before committing themselves. More than anything, they are watching the auto market.

For all practical purposes, some automakers have placed orders for their entire 1960 model run. In other words, steel delivered in May and June is expected to wind up 1960 model year production.

This, in turn, forecasts July changeovers for many of the automotive divisions and means the 1961 model dates have been advanced as much as a full month over 1960 models.

While cutbacks in steel ordering by automakers have been the most serious factor affecting the market, many in the industry believe the cutbacks have been too severe.

Another factor hurting the steel market more than expected is the accumulation by many users of premium steel. (That is, steel purchased through elaborate conversion deals, or imported steel to which users are committed.) It may take several months for some users to run through premium steel ordered at the peak of post-strike market crisis.

This factor is also affecting steel warehouses where price cutting threatens to become widespread. Regular warehouses are holding the line, but brokers and importers are selling large tonnages at losses.

This Week's Steel Output Based On 91.9% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *161.7% of steel capacity for the week beginning March 14, equivalent to 2,597,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *165.2% and 2,654,000 in the week beginning March 7.

Actual output for last week beginning March 7, 1960 was equal to 93.1% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity, is 91.1%.

A month ago the operating rate (based on 1947-49 weekly production) was *166.5% and production 2,674,000 tons. A year ago the actual weekly production was placed at 2,631,000 tons, or *163.8%.

*Index of production is based on average weekly production for 1947-49.

Bad Weather Cuts Automobile Production

Auto production losses heavy during stormy winter weather. This week industry expected to produce an estimated 150,854 cars —9% more than last week.

Severe snowstorms, which crippled many industrial facilities in the Eastern U. S. during the week ended March 5, took an even greater toll of automobile production than was previously expected. "Ward's Automotive Reports" said the total production loss was about 15,400 cars.

"Ward's" said General Motors, which has an extensive network of East Coast assembly plants, lost about 8,000 cars because of the storm, Chrysler Corp. about 3,000, and Ford Motor Co. an additional 4,000 cars.

According to "Ward's" the industry returned to normal assembly operations in the week ended March 10 and is expected to produce an estimated 150,854 cars—9% more than in the earlier week.

The reporting service said most assembly lines are geared to a five-day schedule, but some plants are working overtime and a few others cut production time to three and four days.

Three Ford Division plants, eight Chevrolet sites and the Rambler works at Kenosha, Wis., are operating six days; Chrysler's Jefferson Detroit assembly plant

was down on March 7 and the Corvair line at Willow Run, Mich., was idle on March 11 because of re-scheduling. "Ward's" added that Studebaker-Packard at South Bend, Ind., worked only three days in the week under review because of labor trouble.

Carloadings Decline 6.4% for March 5 Week in Comparison With Corresponding 1959 Week

Loadings of revenue freight for the week ended March 5, 1960, totaled 557,607 cars, the Association of American Railroads announced. This was a decrease of 37,868 cars, or 6.4% below the corresponding week in 1959 but an increase of 13,233 cars or 2.4% above the corresponding week in 1958.

Loadings in the week of March 5 were 4,454 cars or eight-tenths of 1% above the preceding holiday week.

There were 9,999 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Feb. 27, 1960 (which were included in that week's over-all total). This was an increase of 3,099 cars, or 44.9% above the corresponding week of 1959 and 5,224 cars or 109.4% above the 1958 week. Cumulative loadings for the first eight weeks of 1960 totaled 79,869 for an increase of 26,127 cars or 48.6% above the corresponding period of 1959, and 43,979 cars or 122.5% above the corresponding period in 1958. There were 51 Class I U. S. railroad systems originating this type of traffic in the current week compared with 45 one year ago and 39 in the corresponding week of 1958.

Intercity Truck Tonnage Declined 6.9% in March 5 Week Compared With 1959 Week

Intercity truck tonnage in the week ended March 5, was 6.9% below that of the corresponding week of 1959, the American Trucking Associations, Inc., announced. Truck tonnage was fractionally behind the previous week of this year, down 0.8%. The unusual ice and snow throughout the eastern part of the nation caused tonnage decreases at many points both as compared to last year and as compared to the preceding 1960 week. The Feb. 21-27 week was itself a week of depressed tonnage owing to weather conditions and observance of Washington's Birthday in some localities.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 440 truck terminals of common carriers of general freight throughout the country.

Electric Output 9.8% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 12, was estimated at 14,271,000,000 kwh., according to the Edison Electric Institute. Output was 9,000,000 kwh. above that of the previous week's total of 14,271,000,000 kwh. and showed a gain of 1,275,000,000 kwh., or 9.8% above that of the comparable 1959 week.

Lumber Shipments Were 10.8% Below 1959 Week

Lumber shipments of 466 mills reporting to the National Lumber Trade Barometer were 3.8% below production during the week ended March 5, 1960. In the same week new orders of these mills were 12.5% below production. Unfilled orders of reporting mills amounted to 36% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 19 days' production at the current rate, and gross stocks were equivalent to 51 days' production.

For the year-to-date, shipments of reporting identical mills were 5.8% below production; new orders were 8.2% below production.

Compared with the previous week ended Feb. 27, 1960, production of reporting mills was 7.8% below; shipments were 6.6% below; new orders were 12.5% below. Compared with the corresponding week in 1959, production of reporting mills was 2.4% below; shipments were 10.8% below; and new orders were 21.7% below.

Business Failures Off Slightly in Week Ending March 10

Commercial and industrial failures dipped to 290 in the week ended March 10 from 299 in the preceding week, reported Dun & Bradstreet, Inc. Casualties fell moderately below the 311 occurring in the comparable week a year ago and the 336 in 1958. However, they edged 1% above the prewar level of 286 in the similar week of 1939.

Most of the week's downturn was in small failures, those involving liabilities under $5,000, which declined to 30 from 38 in the previous week and 49 last year. Casualties with liabilities of $5,000 or more changed little, dipping to 260 from 261 a week earlier and 262 in the corresponding week of 1959. Thirty-five of the failing concerns had liabilities in excess of $100,000, the same number as a week ago.

Wholesale Food Price Index Up For Third Week in a Row

The wholesale food price index, compiled by Dun & Bradstreet, Inc., rose fractionally this week, for the third consecutive weekly increase. On March 8 it stood at $5.84, up 0.5% from the week earlier $5.81, but 4.7% below the year ago $6.13.

Commodities quoted higher in wholesale cost this week were flour, wheat, corn, hams, lard, sugar, milk, cottonseed oil, eggs, potatoes, steers, currants, and hogs. Lower in price were cocoa, raisins, and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Advances Moderately

Higher prices on grains, sugar, hogs, and lambs offset declines on coffee, butter, steers and steel scrap this week, boosting the general commodity price level moderately over a week earlier. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 272.51 (1930-32=100) on March 14, compared with 272.14 in the prior week and 278.01 on the corresponding date a year ago.

The movement of grains to markets was curtailed last week by snowstorms in the Mid-west resulting in a moderate rise in prices. Wheat offerings were light and purchases by domestic flour mills and exporters picked up appreciably. This boosted wheat prices over the prior week. Although the buying of rye was sluggish, prices advanced fractionally.

Marketings of corn were light and trading was appreciably higher boosting prices noticeably over a week earlier. While transactions in oats were limited, prices moved up fractionally. Volume in soybeans was quiet and receipts were light. This held soybean prices close to the preceding week.

Trading in flour slowed up during the week, but prices were steady. Replacement buying of rice was sustained at a high level due to Lenten needs and cold weather; rice prices remained at prior week levels.

There was a fractional decline in coffee prices last week, despite a slight increase in trading. Cocoa prices moved up somewhat at the end of the week as volume expanded. A substantial rise in sugar prices occurred during the week as trading expanded noticeably.

Hog prices moved up fractionally as the salable supply dipped moderately from a week earlier; trading in hogs remained close to a week earlier. A moderate decline occurred in steer prices as supplies picked up and transactions lagged. There was a moderate rise in lamb prices as a result of active trading and limited supplies.

Prices on the New York Cotton Exchange remained close to the prior week, and trading was scattered. United States exports of cotton in the week ended last Tuesday came to about 110,000 bales, compared with 360,000 in the prior week and 66,000 in the similar week a year ago. For the season through March 8, exports were estimated at 3,976,000 bales, compared with 1,173,000 in the corresponding period a year ago.

Snow Cuts Retail Trade Sharply

Snowstorms and cold weather in many areas considerably curtailed consumer buying in the week ended this Wednesday, and over-all retail trade was down sharply from the similar week last year, when the earlier Easter stimulated sales. The bad weather had the greatest effect on sales of Spring apparel, furniture, major appliances and linens. Scattered reports indicate that sales of new passenger cars were down from both the prior week and a year ago. Only food volume remained close to the similar 1959 level.

The total dollar volume of retail trade in the week ended March 9 was 9 to 13% below a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: New England —21 to —25; Middle Atlantic —20 to —24; South Atlantic —12 to —16; East North Central —8 to —12; West North Central —7 to —11; East South Central —1 to —5; West South Central and Pacific Coast 0 to —4; Mountain +1 to —3.

Nationwide Department Store Sales Down 17% for March 5 Week

Department store sales on a coutry-wide basis as taken from the Federal Reserve Board's index for the week ended March 5, 1960, decreased 17% below the like period last year. In the preceding week, for Feb. 27, a decrease of 7% was reported. For the four weeks ended March 5 a 6% decrease was registered over the same period in 1958.

According to the Federal Reserve System department store sales in New York City for the week ended March 5, decreased 23% over the like period last year. In the preceding week ended Feb. 27, sales decreased 2% over the like period last year. For the four weeks ending March 5 a 5% decrease was reported over the 1959 period, and from Jan. 1 to March 5 a 1% increase was recorded.

Other cities which reported heavy declines in department store sales for week ending March 5 included: Boston 31%; Philadelphia 32%; Cleveland 20%; Richmond 31%; Atlanta 21%; S. Louis 25%, and Kansas City 13%.

Now Proprietor

HOUSTON, Tex. — Mrs. Lura R. Ellis is continuing the investment business of J. V. Ellis & Co., 3827 Linklea Drive, as sole proprietor.

What the Fifties Told Us About the Sixties

By John R. Bunting,* *Business Economist, Federal Reserve Bank of Philadelphia*

Assuming events and impressions of the immediate past shape the changed character of the future, Mr. Bunting scrutinizes the fifties to see what they tell us about the sixties. He recalls the debate over whether a "new capitalism" is developing, the changes that have transpired, and examples of what we accepted to be true which have not always turned out to be the eternal truth. Thus, in submitting three pervasive impressions bound to influence the sixties that have become ingrained in our thinking in the decade that just ended, Mr. Bunting is aware they may appear as foolish in the 1970's as the new era philosophy of the 1920's looked in the 1930's.

A rash of books and articles on the 1960's reminds us that a decade is ending, a new one beginning. Peering into the future is always interesting, and like many others, we've read nearly everything on this fascinating subject that has come our way.

John R. Bunting

Much of what we read suggests that the 1960's will be like the 1950's, only more so. Maybe this is an accurate projection. Certainly the future is a continuation of the past. But in looking back over our own lifetime, the 1950's seem quite different from the 1940's which seemed quite different from the 1930's, which seemed quite different from the 1920's.

More than this, a casual reflection strongly suggests that what took place and what we learned in the previous decade shaped the changed character of the succeeding decade. The excesses, the speculative binge in the 1920's, helped create the depression-ridden next ten years. So too did desperation and preoccupation with internal affairs in the 1930's lead to the war-torn 1940's. Finally, the previous two decades, predominantly characterized by poverty and war, shaped the as-yet-to-be-defined 1950's.

If what has been suggested is more than just a little bit true—that events and impressions of the immediate past shape the changed character of the future—then it would seem fruitful to try to determine "What the Fifties Told Us."

At the outset let it be clear that what we've learned may or may not prove to be eternal truth. It takes only a moment's reflection to recall that in the latter 1920's we thought we were in a "new era of perpetual prosperity." In the 1930's it was nearly universally assumed that what we had was a "mature economy." And who can forget that in the early 1940's, it was generally believed that the population will continue to increase until it reaches a maximum of about 153 million between 1970 and 1980.

Despite the apparent speciousness of these notions today, it is important to remember that at that time each made a lot of sense. To some extent too, the apparent truth of each led to the events and actions which have made these notions seem so naive in retrospect. In other words, what we believe to be true is what shapes our actions, whether or not later we can look back and see that it was false.

So what we are looking for as our Impressions from the Fifties is not ultimate truth. Rather it is what at this moment of history our society believes to be the truth. Now for the search.

1949 vs. 1959

It is difficult to get at a subject as large as this. One way to start is to recreate 1949. What were we reading, thinking, and doing then? Following this a brief fill-in on the intervening years should help us with our conclusions.

Take yourself back to 1949 and try to see us as we were then. It isn't easy. A lot of things that seem obvious now were not so obvious then. It is almost embarrassing to remember some things.

The first really post-war cars were on display. They were longer, lower, and more powerful than their pre-war counterparts.

Television was a bold new force in our society. Everyone was beginning to want to own a set, and sales reflected this urge. The impact of this new Goliath on other industries — such as motion pictures, radio, publishing, advertising, and spectator sports—on our mores, and on our politics was being widely discussed.

Swing was still king. Phonograph records were selling well, and seemed ready to boom when the battle of speeds was settled. Consumers pondered about 33⅓, 45, and 78 r.p.m. records, and seemed to be deciding that they wanted to be able to play all three.

Night clubs, restaurants, movies, and spectator sporting events had been doing capacity business since the war. A lot of money and attention was going into clothing as returning G.I.'s replenished their wardrobes and their wives got with the new-length skirts. Food sales began to soar as consumers upgraded their menus.

But 1949 was the year of our first postwar recession. This sobered us. Some of our leading economists and business writers were suggesting that inflation was about over. More than this, the tone of many articles and speeches of that time suggested that prices might go back to prewar levels —or close to it.

There seemed to be general agreement, too, that the years immediately preceding World War II were the norm; that war and postwar years were abnormal; that unemployment and business distress would return once the economy got back on a peacetime footing.

The stock market was sluggish. It hardly began to register the postwar boom. Some—and many were business leaders—suggested that it had become obsolete.

Our business community seemed terribly concerned about Socialism. What was happening in Great Britain and elsewhere heightened anxiety. A continuous stream of articles about "Socialism U. S. A." or "Creeping Socialism," or "Socialism by Default" poured from the business press.

Out of this anxiety sprang an interest in "Big Government." Paper work imposed on businessmen by bureaucrats was frequently a subject of heated conversation. Many sincerely believed that Big Government could be made significantly smaller by applying business practices to encourage efficiency.

Similarly, the enormity of the public debt was a source of comment and concern. We weren't sure how to live with it—or even if we could. Government security prices were being supported out of an agreement between the Treasury and the Federal Reserve System. A change in this policy, it was feared, would create uneasiness about the national credit and disorder in financial markets at a time when the nation had a vast public debt.

Signs symptomatic of chronic illness were discernible in certain of our basic industries, i.e., the farm, coal, and railroad industries. Farm surpluses revealed our ability to produce more food than we were willing to consume. Coal had obviously lost relative to oil and natural gas as a source of fuel energy. Fare increases pushed the cost of rail travel above air. More freight was going by truck and plane, too.

Labor-management strife was constantly in the news. Labor unions, shored up by legislation and favorable public opinion in the 1930's, met management head-on in tests of strength in the healthy business climate of the latter 1940's. Awesome displays of sheer power sent thinkers searching for new ways of settling labor-management differences.

A call for a new credo was sent out by our business community.

"Where are our bright young conservative writers?" businessmen asked. It was apparent to nearly all that a good many of the rules of the economic game as played in America were changed in the 1930's. But what did these rule changes mean? It was still essentially the same game—or was it?

Beyond our borders the fall of China to the Communists made the biggest impression on Americans. There seemed to be a national compulsion to lay the responsibility for this change of rule to traitorous actions of some Americans "in high places." "Reds" were searched out. At times it seemed as if we "found" more than existed.

To summarize in a sentence how we felt in 1949, perhaps it could be said that we were proud of our position in the world order, but somewhat apprehensive about our business system under peacetime conditions. We had played a decisive role in bringing the big war to a successful conclusion. The development of the atomic bomb and the clear superiority of our industrial machine made us confident of our preeminent position in the world. Few doubted that we would occupy about the same position in the world society ten years hence. But America had some nagging doubts about itself. Mostly they concerned our business system. Subconsciously, heads all over the nation nodded when a famous businessman in early 1950 cautioned: "The thing that hit us in 1929 cannot be assumed not to happen again. Personally I have been waiting for years for the ax to fall, and I am becoming more convinced momentarily that it is not far away." The depression was not forgotten.

Some Specifics on the Fifties

Between 1949 and 1959 a lot happened. And probably few could agree on just what should be chronicled in the short space available here. But here is a fast romp through the period.

At the turn of the decade, it was almost possible to detect a nationwide sigh of relief. The sacrifices, heartaches, and burdensome problems of the forties were behind us. It seemed only right that by some natural law the ten momentous years of the forties should be balanced by a decade of comparative tranquility in the fifties. If this is what many of us thought, or wished, we were brought up short by the outbreak of fighting in Korea about six months after the "tranquil decade" began.

Of course, we know now that it was a false start. The fifties were not to be like the forties after all. The war was relatively shortlived and never demanded the same all-out effort required for World War II.

But we learned quite a bit from the Korean incident. Some of what we learned most of us haven't forgotten. For example, we learned how necessary it was to maintain a posture of military readiness, and what a tremendous productive machine we had. Guns and butter were both supplied without inflation once the initial phases of scare-buying were over.

Important, too, we learned that damaging inflation probably could not be checked if Government securities prices were not permitted to move more freely. The huge Government debt couldn't be isolated or ignored. It was within the playing field. It had to get into the economic game. Pegs were pulled from Government securities prices. Monetary policy was called upon to help check inflation.

But the Korean war obscured other lessons. The recession of 1949 had been reversed and business activity was bursting through to new peaks when the fighting started. In the frantic buying period that followed, perspective was lost. Some were left with the impression that the outbreak of fighting had brought us out of a recession.

Certain sectors of the economy, lagging since the end of World War II, got new life and hope from activity generated by the Korean crisis. Old factories and ship yards were reactivated. But as the war crisis passed, basic post-war trends re-emerged. Chronic employment problems amid general nationwide prosperity in a few of our older industrialized areas popped up again.

One of the big stories of the early fifties involved a new type labor-management agreement forged in Detroit. In essence, what it did was tie hourly wage rates to changes in the cost of living, in theory—to the Consumer Price Index, in fact.

Its proponents, among other things, said: (1) longer-term union management contracts were desirable, (2) the recent history of sharp changes in the over-all price level put long-term contracts out of the question unless, (3) wage rates were tied to changes in over-all prices.

Those opposed pointed out that as these agreements spread another "built in" inflationary bias would be added to our economic system. In other words, price rises would beget cost rises which would beget price rises, etc.

What did we learn from this new type agreement? Possibly that its proponents and opponents were both right, to some extent at least.

The recession of late 1953 and early 1954 and the subsequent recovery period contained many economic lessons. This recession came about as the economy adjusted to a substantial reduction in Government spending made possible by the end of fighting in Korea. The brevity and shallowness of the recession showed us again that a decline in defense spending did not have to bring about a severe contraction in over-all business activity.

It illustrated, too, that tight money was not a fetish of our money managers. Money tightened after the pegs were removed from the Government securities market in 1951. It continued tight as business boomed in 1952 and on into 1953. But even before many of our comprehensive indicators of activity turned down, actions were taken to begin to reverse this policy.

These prompt monetary measures, reduction in income tax rates, plus our built-in stabilizers —unemployment insurance—went a long way toward moderating the recession.

A new confidence in our business system began to become evident. In the ensuing recovery and boom, the stock market, long quiet, began to assert itself. Investors seemed at last to believe that ours maybe was not a mature economy after all.

Business activity zoomed in 1955. A tremendous surge in demand for houses and cars in the latter half of 1954 and into 1955 sparked this boom. Changes in credit terms, which made money seem easier for house and car buyers, made an important contribution to the surges in demand. Many insured mortgages were written for a 30-year maturity, and auto loans of 36-month maturity became commonplace.

Hard competition between two giant automobile manufacturers put a severe strain on dealer-producer relationships in this period. New dealer franchise agreements were worked out to prevent what the dealers construed to be overloading.

"Motivation research" became a familiar term to nearly all Americans in these mid-fifties. Why we buy what we buy is not easy to determine—especially in an economy as affluent as ours was becoming. Some depth studies by motivation researchers provided fascinating reasons why some items sold and others did not. In general, the attention paid "M.R." served as a constant reminder as to just how far our economy had progressed from the days when items could be readily classified as necessities or luxuries.

The behavior of our economy in 1956, 1957, and 1958 emphasized

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Survival of the Domestic Cotton Textile Industry

By Hon. Henry Kearns, Assistant Secretary of Commerce for International Affairs, U. S. Department of Commerce, Washington, D. C.*

Government official conversant with the problems of the textile industry insists that they are more the result of the vagaries of consumer spending, overcapacity, non-textile competition, and inter-fiber competition, than import competition. Mr. Kearns finds stock prices of leading textile firms have not reflected the increasing volume of imports and, as a result of his recent world investigatory trip, he points out there remain many opportunities for increased textile exports. He recounts what is being done to help the textile industry including voluntary import agreements and a cotton export equalization payment program, and offers the industry the same advice it received 30 years ago by the then head of the Southern Textile Association.

I spend so much time on textile problems in Washington that some people call me the Assistant Secretary of Commerce for Textiles rather than for International Affairs. I must admit, however, that the problems of the industry present the challenge and fascination involved in trying to come up with a sensible answer to a highly complicated situation.


Henry Kearns

The Eisenhower Administration, of which I am a part, is dedicated to bringing peace, progress and prosperity to the nation. Facts will show that this dedication has produced results—results which, I must say, are reflected in the current prosperity of the textile industry.

How can we best achieve full prosperity for the nation? How can we help the textile industry grow in strength and vitality so that it may share fully in the nation's prosperity? It may be fruitful to discuss some of the steps that can be taken in solving these problems to assure the "Survival of the Cotton Textile Industry."

Foreign competition long has been of concern to textile producers the world over. A look at our history books will find that England worked mightily to keep the upstart colonists in America from establishing a textile industry which would "destroy" England's export trade with the New World. What is past is prologue, and you see much the same attitude towards some of the newly developing countries today.

The English, you know, were unsuccessful and an industry which had its beginning with a score of small cotton plants in New England and the Middle Atlantic Colonies in the late 1600's, and gained in momentum as cotton mills swung into full production beginning in 1789, expanded fairly steadily throughout its history into the 1920's—and despite the cries of alarm, the British textile industry prospered for these 200 years.

Our *exports* of cotton cloth during this period of expansion were of great importance to the textile industry and in every year since 1879 the volume of cotton cloth exports has exceeded by far the volume of corresponding imports.

In 1879, for example, the industry exported 129 million square yards of cotton cloth, about half the total amount exported last year. Exports rose generally to periodic peaks of 205 million square yards in 1887, 505 million in 1902, 711 million in 1906, and 819 million in 1920.

At the same time, the volume of cotton cloth imports also was rising—12 million square yards in 1879, and periodic peaks of 32 million in 1886, 49 million in 1893, 65 million in 1900, 84 million in 1907, and 104 million in 1920. Coincidental with this general rise in imports was a general rise in the total health of the domestic industry.

In 1919, the total value of products produced by the cotton textile industry reached a pre-World War II high of $2.1 billion. The number of active spindles in place reached an all-time high in 1921. The number of mills in operation reached an all-time high in 1922. Imports reached 219 million square yards in 1923, a year after Congress passed the Fordney-McCumber Act raising the tariff rates; still in 1923, the industry had a net income after taxes of $90.7 million.

After 1923, the volume of imports began a sharp decline, from the 219 million square yards of that year to the 61 million square yards of 1929. While running at a deficit during two of the intervening years, the industry's net income after taxes in 1929 had fallen to $16.2 million.

Our nation was hit by depression, and the next year, 1930, Congress passed the Smoot-Hawley Act. Imports were cut in half, and the cotton textile industry showed a net loss of $92.6 million, the worst year in its history.

I cite these figures and events only to show that an unbiased observer will find it difficult to note much correlation between the health of the U. S. textile industry, the degree of import competition, and the degree of tariff protection.

Probably the most salient features of the economic growth of the industry were the migration of the industry to the South and the peak production required by the two World Wars and the war in Korea.

While the total cotton system spindle population of the nation was declining generally after its all-time high in the 20's, the spindle population in the South was rising. The proportion of spindles in place located in the South increased from 47% in 1925 to 76% in 1945, and the location of cotton looms showed a similar shift from 56% to 79%. Today, 91% of the spindles in place are located in the cotton growing states.

Salient Problem Other Than Imports

Probably the most salient features of the economic changes in the textile industry have been—

The changing percentage of disposable income being spent on the industry's products;

The apparent inability of the industry, due to overcapacity and three-shift operations, to gear output to the volume the market will absorb at a profitable price;

The loss of markets, particularly in the industrial field, to nontextile products such as paper and plastics; and

The mounting inter-fiber competition within the industry.

In a nutshell, the share of consumer spending for apparel, as one example, has dropped from 9.4% in 1948 to less than 7% today; the industry has been running at less than full capacity since the end of the Korean War; from 1950 to 1957 alone, industrial end-users cut their consumption of cotton textiles by 29%; and, according to the Pastore Report, the output of newer man-made fiber fabrics from 1947 to 1957 showed a 15-fold increase while the per capita mill consumption of cotton dropped from 32.4 pounds to 23.7 pounds.

Of course there have been other problems, and I recognize fully that one is related to the two-price cotton policy and another is related to the heavy concentration of imports in a few specialized fields.

I don't like the two-price cotton policy any more than you do. But finding a solution satisfactory to the cotton growers, the cotton textile producers, the Congress, and other interested parties is, putting it mildly, a perplexing problem in itself. The President has ordered a Section 22 investigation to determine whether or not a fee equivalent to the export subsidy on raw cotton should be imposed on imports, however, and while some may feel this investigation does not go far enough, the investigation at least will afford an opportunity to lay the facts on the table.

A heavy concentration of imports in particular product categories can jeopardize those segments of the industry. Actions of the Government clearly show a keen recognition of such problems. I would say, however, that the economic changes in the textile industry are *more* the results of the vagaries of consumer spending, overcapacity, nontextile competition, and inter-fiber competition, than import competition.

Finds No Obvious Correlation

I have studied statements of the industry and I have studied the pertinent statistics. I have traced the monthly movements of wholesale prices, spindle population, imports, market prices for textile securities, and other similar factors, including announcements of decisions by the Government on textile tariff and quota questions and events overseas which possibly foretell of a boost in imports, and I find no obvious correlation.

In charting the movements of cotton textile mill product imports, production, wholesale prices, and exports on an annual basis for the period 1949 through 1958, I have found that—

In relation to the previous year, in 1950 imports were up, production was up, wholesale prices were up, and exports were down;

In 1951, imports were down—production, wholesale prices, and exports were up;

In 1952, imports, production, wholesale prices, and exports all were down—

and so on, leading me to a conclusion that, on the basis of these movements, there really isn't much of a discernible pattern.

I have attempted to correlate a rise in imports with the market prices of textile securities.

In 1957, total cotton textile imports amounted to 143 million square yards. In 1958, the figure rose to 155. In 1959, the volume reached an all-time high of 240 million square yards.

Stock Prices Unaffected

Now how did this fabulous rise in imports affect stock prices? Let's look at the 1957-1958-1959 highs for several leading cotton textile producers.

Burlington Industries rose from 14¼ to 15¾ to 26¼.

Cannon Mills rose from 52 to 66 to 69.

Cone Mills rose from 14¾ to 16⅛ to 29⅞.

Dan River Mills rose from 12⅝ to 14½ to 19¼.

Listen to this one: Reeves Brothers rose from 12⅜ to 14½ to 41⅜.

J. P. Stevens rose from 23¾ to 27½ to 34⅞.

United Merchants and Manufacturers rose from 15¼ to 18¼ to 21¾.

Clearly, the increasing volume of imports had no apparent effect—on stock prices.

I think you will agree that today the cotton textile industry is not doing badly. Even last year, when imports began to rise to their all-time high, the signs were good.

The *Wall Street Journal* of Mar. 30, 1959 reported that "Textile companies, which tumbled into recession long before most U. S. industries, also are among the front runners in recovery . . . this has brought . . . production speedups, bulging order books—and rising earnings."

The recovery is continuing and my good friend, J. Spencer Love, although expressing concern about the rise in imports, was reported in the Feb. 5, 1960, *Daily News Record* as painting a bright picture for '60 for all of the textile field. The textile division of our Department's Business and Defense Services Administration paints much the same picture.

How Business Is Helped

In fact, the picture for all of industry looks bright. President Eisenhower, in his State of the Union Message, said, "1960 promises to be the most prosperous year in our history." Secretary of Commerce Mueller, right here in Charlotte last month, related how our gross national product now is higher than ever before. "By early fall," he said, "it should hit the half trillion dollar all-time high altitude mark—the superabundance target of economists over the years."

The Department of Commerce, of course, is the Federal servant of industry. It is our statutory responsibility "to foster, promote, and develop the foreign and domestic commerce . . . of the United States. . . ." We meet this responsibility, in part, by collecting and publishing timely and accurate data, reports, surveys, appraisals and other material which business can use. We take this responsibility seriously.

Our services to industry engaged in, or otherwise affected by, foreign commerce are many. We can provide the names of foreign firms in selective foreign countries known to be existing or potential markets for United States goods. We can supply ratings on individual firms in almost every foreign country of the world. We can provide brief commodity surveys adequate to tell the businessman what steps to take if he wishes to enter into the proper channels of distribution and to start soliciting business.

All in all, we collect, analyze, and publish the kinds of information a businessman needs to engage in foreign trade effectively. We provide the consultative services he needs to sell his wares in the world market place.

We believe that this country's foreign trade is good for America. We take this foreign trade seriously.

First of all, it is good for America because it is an important part of the nation's total economy. No one will argue that the textile industry is not an important part of our national economy—it is vital to our everyday living. But by the same token, our country's total sales abroad, our exports, annually exceed greatly the total sales of the entire textile industry—and foreign trade, *too*, is vital to our everyday living.

Over 1 to 4½ Ratio

In 1959, the textile mill products industry employed some 963,000 workers. Each year about 4½ million Americans derive a livelihood from some form of foreign trade.

I hesitate to say that our nation's foreign trade is big business, because actually it is conducted largely by thousands of small and medium and large businesses. But in terms of total volume and value, our foreign trade is big business.

We are dependent upon foreign

Continued on page 31

THE MARKET . . . AND YOU

BY WALLACE STREETE

Rails put four good gains together for the first time this year and when they ran out of steam the industrials took over to give the market a better tone this week than it has shown so far in 1960.

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The ground recovered wasn't overly impressive. What was more heartening, however, was that there were some buyers around finally willing to step in gingerly when some of the well-depressed items showed that they had reached at least a temporary floor.

* * *

Even some large blocks showing up both in listed trading and as off-board secondary offerings failed to chill the list and quite a few large bundles were absorbed even without disturbing rising prices in the issues involved. For Universal Oil Products a five-figure trade was negotiated easily at the best price posted by the stock since it was listed and it went on from there to nudge even higher afterward.

* * *

The new show of at least mild confidence helped harden the steels and autos which have been the subject of as much dour discussion as any other major groups. Where talk of declining production in the second half of the year would send them reeling in the first two months' markets, now the concentration was on the pickup in demand anticipated in the spring which is a pointed shift in emphasis.

New Look at the Electronics

Electronics continued to show at least part-time demand and were prominent when the market found the going good. Here, too, the emphasis had shifted from the high price-earnings ratios and meager dividends to the fact that the industry had jumped from sales of little more than $2½ billion 10 years ago to more than $9 billion last year with $15 and $20 billion annual rates ahead in the next decade.

* * *

The pinpoint attention given to some of the electronics in recent months heightens some obvious price discrepancies. Ampex, for instance, reached the equivalent of $45 last year on shares split early this year. That represented a good jump from the 1957 price of between $4 and $8. It pays no dividends but did jump earnings per share in that time from 15 cents to 56 cents — so the emphasis has been on growth here.

* * *

Amphenol-Borg, with heavy, non-recurring expenses for new facilities, lifted earnings per share from $2.17 in 1956 to $3 in 1957 but then reported $1.97 in 1958 and an estimated $2.50 last year. It is on a dividend basis, however, with a yield of about 3.7%. But the shares since 1956 have moved from $20 to $47 which is a far smaller price appreciation than that of Ampex, where the growth in profits hasn't been obscured.

* * *

The high tags on some of the business equipment company shares similarly screen the fact that there are still some far more reasonably priced against the accepted yardsticks. Against the 50-times-earnings price of high-priced International Business Machines, which traditionally is the high-ratio item in the group, Sperry Rand has never really captured the interest of the investing public since the present company was formed. So Sperry's ratio is a below-average 13-times.

* * *

Nevertheless, Sperry stands second only to IBM in data processing. Weighing against Sperry, however, is that the business machine volume is only a third of total sales and much of its work is on low-profit military business. Progress has been made only recently in boosting profit margins.

High-Yielding Utilities

A significant decline in the cost of borrowing, as exemplified by the bids for new issues in recent weeks, did little to stir up renewed enthusiasm for the utility stocks and they continue, along with the rails, as the high-yielding section.

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There was some attention being devoted to Illinois Power as something of a changed situation. Illinois Power's service area has been primarily agricultural in a period when industrial needs were the dramatic facet to a utility. But new industrial customers have been added steadily and the company, according to some observers, has now developed into a strong growth situation. It has been able to boost earnings steadily, with profits at successively higher record levels. The company's dividends have been boosted in line with the increased profits and periodic increases are anticipated in the future. At the present rate the shares offer a return well into the 4% bracket.

* * *

The store chains have been about as neglected as any major group. And the lack of interest on the part of market analysts apparently stems from the fact that there is little of the space age romance that can center on running a collection of sales counters. Woolworth with a 4% yield has been figured out to be worth only $100 million marketwise after deducting the market value of its British subsidiary. Yet its domestic stores are being given a good chance to reach the billion mark in sales this year. Nevertheless, the market already is appraising some of the electronic companies at a far higher "worth" when their sales potential is nowhere near that of the well-known Woolworth chain.

* * *

Similar points can be made for some of the other famous names of retailing, such as Macy and Gimbel. The former has lolled in a range of around half a dozen points all through the ups and downs of the market in the last 14 months, while Gimbel has had a swing of not quite a score of points.

* * *

Farm equipment firms similarly have been out of favor for a long time to where International Harvester has a statistical value far greater than some of the glamour items. It has been priced recently at less than 10-times last year's earnings, a return of 5%, and prospects that the results this year will be similarly comfortable. The dividend is well covered by earnings that run more than double the requirement even under conservative accounting practices.

Rubber Companies Ignored

Tire companies did a rousing business in 1959 but paid, in part, for the lag in auto sales which clouded the fact that their steady growth in recent years has been in the replacement business rather than in original equipment. And all the growth lines indicate that this year will be even better as the ever-rising total of cars and trucks on the roads makes the replacement market an even busier one. In addition, although there is much chagrin lately over the downward revisions in new car production for 1960, the fact seems to be that it will be a better year than last even at the lowest estimates. On top of bright prospects for demand, tire prices were marked up a month ago to help bolster profits.

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To the traditional lines, the major rubber companies have been adding profitable diversification lines of plastics and mechanical rubber goods such as hose and conveyor belts among others. In the Big Four, U. S. Rubber is now estimated to derive half of its sales from non-tire operations. Moreover, U. S. Rubber has shown the third annual increase in profit margins in a row. This testifies to its success in automating, its expansion abroad and its intensified sales efforts. U. S. Rubber has traditionally had a low margin compared to the competitors but seems to be making a turn to get out of that unfavorable niche. And with an indicated dividend of $2.20, a showing of net around the $6 level this year would automatically point up the big spread between the two figures.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Connecticut Brevities

Scovill Manufacturing Company of Waterbury has begun a $5.5 million program to integrate the production of aluminum alloys. The project, which will double Scovill's present output of aluminum sheet, ranges from the melting of basic aluminum to the rolling of finished sheets and is expected to take about two years to complete.

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Digby Products, Ltd., has moved from White Plains, N. Y. to a new one-story 16,000 square foot building in Danbury. The company manufactures briefcases for business and school use and employs 45 people.

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The American Brass Company, Waterbury, has announced plans for the construction of a new $1.5 million research center. The new building will include the metallurgical corrosion and chemical laboratories and equipment for experimental production of new products. Offices for the company's growing technical staff will also be located in the new center.

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Veeder-Root, Inc., of Hartford, recently acquired Mac-it Parts Company of Lancaster, Pa., producer of alloy steel screws for an undisclosed amount. This was the second acquisition by Veeder-Root in a year — last March the Iseli Swiss Screw Machine Company was acquired.

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Consolidated Diesel Electric Corporation of Stamford has acquired 90% of the outstanding stock of Ultradyne, Inc., of Albuquerque, N. M., manufacturer of precision measuring instruments. The amount of the transaction was not disclosed.

* * *

Republic Foil, Inc., of Danbury, has just opened a new facility in Salisbury, North Carolina. The new plant will house the company's Electromechanical Division. Republic Foil produces aluminum foil for electronic capacitors, packaging and decorative material.

* * *

Barnes Engineering Company of Stamford has filed a registration statement with the SEC covering 50,000 common shares. Of this amount 22,000 will be offered by the company and 28,000 by a selling stockholder. Proceeds from the sale will be used by the company for repayment of notes, for expansion and for working capital.

* * *

Ground has been broken for a major expansion at **Fafnir Bearing Company's** Newington, plant. The plant will be more than doubled by the 225,000 square foot addition which is expected to be completed late this summer. This expansion will permit the processing of larger size bearings from start to finish in a one-floor operation, in addition to the primary and secondary machining, heat treating and hardening operation currently being done in the existing plant.

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Kaman Aircraft Corporation of Bloomfield has started construction on new buildings totaling 41,000 square feet. This expansion will bring Kaman's floor space to 826,000 square feet, an increase of 25% in the last year.

* * *

American Hardware Corporation of New Britain has made an offer to buy 100,000 shares of Plymouth Cordage Company common stock at $58.50 a share. The offer was made to stockholders of the nation's largest producer of ropes, baler twines, cable filler, yarn and wrapping cord. As of September 30, 1959, Plymouth Cordage had 270,033 common shares outstanding.

Lewis Heads Div. of Invest-in-America

Robert J. Lewis, partner of Estabrook & Co., New York investment banking firm, has been appointed Chairman for 1960 of the member firm's division of the New York City Invest-in-America Committee, it was announced on March 10 by William P. Worthington, President of the Home Life Insurance Co. and the Committee's General Chairman.

Robert J. Lewis

Invest-in-America, a nationwide educational movement founded in 1949, emphasizes that America's future economic growth is dependent upon increased per capita investment through bank savings, insurance, corporate and Government bonds, stocks and real estate. Highlight of the 1960 program is Invest-in-America Week, which will be observed nationwide April 24 through April 30.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

John R. Kimberly, Chairman of the board and Chief Executive Officer of Kimberly-Clark Corporation, was appointed a Director of **The First National City Bank of New York** at the board meeting March 15.

In addition to serving as Chairman or President of several Kimberly-Clark subsidiaries, Mr. Kimberly is an immediate past President of the American Pulp and Paper Association. He is a trustee of the Rockefeller Foundation, American Forest Products Industries, the National Industrial Conference Board and Lawrence College of Appleton, Wisconsin. He is a member of the Business Advisory Council of the U. S. Department of Commerce.

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The Chase Manhattan Bank, New York announced the appointment of John C. Senholzi to Vice-President in the bond department.

Mr. Senholzi joined the Chase National Bank in 1936. He has been continuously associated with the bond department since 1937. He was appointed an Assistant Treasurer in 1955, the year of the **Chase National-Bank of Manhattan** merger, and was advanced to Assistant Vice-President in 1957.

Ten promotions were made in the Bank's international department, with George H. Borrmann, Milton S. Coe, John C. Conklin, Kendall G. Kimberland, George F. Lang and Gerhard H. Struckmann advancing to Assistant Vice-Presidents. Jerry W. Johnston and Leo S. Martinuzzi, Jr. were appointed Assistant Treasurers. Kenneth C. Miller became Manager of the Bank's branches in Japan and Alfred J. Buckley became Manager of the Beirut branch in Lebanon.

Herman Behrens and William Gade were appointed Assistant Treasurers in the operating department and Herbert H. Osterwald was named an Assistant Treasurer in personnel administration.

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Appointments of Walter A. Cobb, Stephen J. Kurtz and Joseph J. Meehan as Assistant Secretaries of **Manufacturers Trust Company, New York** are announced by Horace C. Flanigan, Chairman of the Board.

Mr. Cobb came to the Bank in 1929. In 1956 he was appointed an Assistant Branch Manager and assigned to the Bank's 18th Street Office, where he is now located.

Mr. Kurtz joined the Bank in 1947.

Mr. Meehan came to the Bank in 1941.

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The Sterling National Bank and Trust Company, of New York, by a stock dividend, increased its common capital stock from \$4,500,000 to \$4,590,000. Effective as of March 1. (Number of shares outstanding 306,000, par value \$15.)

Directors of the **Commercial Bank of North America, New York,** have recommended an increase in capital funds of approximately \$1 million, it was announced by Jacob Leichtman, President.

Stockholders will vote on the proposal at a special meeting on March 21.

An increase of 42,023 shares is proposed which would enable stockholders to subscribe to one share for each 12 owned. Commercial Bank of North America currently has 504,275 shares outstanding.

Stockholders will also vote on a proposal for a 2½% stock dividend in June and a 2½% stock dividend in December this year, when and if declared by the Board of Directors. The stock dividend will be in addition to cash dividends as may be available at the year-end.

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Mr. Milton T. Vander Veer, Chairman of the **Lafayette National Bank of Brooklyn, New York,** announced the appointment of Albert J. Moore as a Director of the bank.

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Six new members of the Quarter-Century Club of **The Dime Savings Bank of Brooklyn, N. Y.,** was announced. The club now has 119 members who have been associated with the bank for a total of 3770 years.

The six new members, who in the past year completed 25 years of service, were welcomed into the Quarter-Century Club by Everett J. Livesey, President of the bank and honorary President of the club.

The new members include: David J. Fox, Marcus Bull, William J. Macdowell, Bertram L. Van Buskirk, Douglas B. Nevins and Edward S. Searle.

Officers of the Quarter-Century Club elected at the annual dinner are: President Ernest P. Taylor; Vice-President, Clarence R. Foulkes; Secretary, Martin J. Conneely; Treasurer, George W. Stewart.

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Herman H. Maass, President of **Long Island's Security National Bank, Amityville, N. Y.,** announced that the bank has received approval from the Comptroller of Currency to open a new branch in Wyandanch, Suffolk County.

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Approval has been given to the **Northern New York Trust Co., Watertown, N. Y.,** to increase their capital stock from \$2,280,000 consisting of 80,000 shares of the par value of \$28.50 each to \$2,760,000 consisting of 92,000 shares of the par value of \$30.00 each.

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Mr. H. Douglas Davis, President of the **Plainfield Trust State National Bank, Plainfield, N. J.,** announced the election of John V. Trumpore as Executive Vice-President. Mr. Davis also announced the promotions of C. Northrup Pond and Russell C. Doeringer to the post of Senior Vice-President and G. Maxwell R. Morse to Vice-President in charge of the trust department. Mr. Trumpore was formerly in charge of the trust department.

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The **Girard Trust Corn Exchange Bank, Philadelphia, Pa.** has announced that the Board of Directors has authorized an increase of \$5,000,000 in the Bank's surplus account. This brings the total of capital and surplus to \$60,000,000. Mr. George H. Brown, Jr. President, said the increase has been effected by a transfer from undivided profits, which account now stands at \$12,500,000. In addition the Bank has reserves of \$9,300,000. The overall total of capital accounts and reserves is \$81,800,000.

* * *

Mr. J. William Hardt former Chairman of the Board and Executive Vice-President of the **Philadelphia National Bank, Philadelphia, Pa.,** died March 10 at the age of 75. Mr. Hardt retired in 1949, but had continued with the bank as a Director and a member of the Executive Committee.

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John C. Shallcross has been appointed assistant cashier in the Metropolitan Department of **Mellon National Bank and Trust Co., Pittsburgh, Pa.,** according to an announcement by Frank R. Denton, Vice-Chairman of the bank.

Mr. Shallcross entered the Mellon Bank training program in November of 1957, and in April, 1959, joined the Credit Department as a senior credit analyst. In June of last year he moved to the Metropolitan Department as a staff assistant in the Marketing Division.

* * *

The First Second National Bank and Trust Co. of Wilkes-Barre, Pa., changed its title to **The First National Bank of Wilkes-Barre.** Effective March 1.

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The Cumberland County National Bank and Trust Co., New Cumberland, Pa., by a stock dividend increased its common capital stock from \$500,000 to \$550,000, and also by the sale of new stock from \$550,000 to \$700,000. Effective as of March 3. (Number of shares outstanding 70,000, par value \$10.)

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By a resolution of its shareholders on Feb. 19, the **New Alexandria National Bank, New Alexandria, Pa.,** went into voluntary liquidation, effective Feb. 26. Absorbed by **First National Bank in Greensburg, Pa.,**

* * *

Baltimore National Bank, Baltimore, Maryland, will be the name for Maryland's newest bank. The name orginated from the proposed consolidation of the **Fidelity-Baltimore Bank** and the **Maryland Trust Co.** The name was chosen at separate meetings of the Board of Directors of the respective banks. The Board of Directors also elected Hooper S. Miles, Chairman and Chief Executive Officer of the consolidated institution. Robert D. H. Harvey, President of the Maryland Trust Co. will become Vice-Chairman. Tilton H. Dobbin, Vice-President of the Fidelity Baltimore Bank, will become President. The two will have equal rank.

* * *

Herbert T. Spiesberger, 80, senior Vice-President, **American National Bank and Trust Company of Chicago, Ill.** died March 11, bringing to a close one of the longest and most illustrious careers in the history of Chicago banking.

In 1924 he became Vice-President of the **Foreman National Bank** which later became the **Foreman-State National Bank.**

He joined American National Bank in 1931 as Vice-President and served the Bank in that capacity for 29 years. He was named Chairman of the Bank's loan committee in 1952 and Senior Vice-President in 1957.

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The **First National Bank of Barrington, Ill.,** changed its title to **The First National Bank and Trust Company of Barrington.** Effective March 1.

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The Security National Bank of Sheboygan, Wis., changed its title to **Security First National Bank of Sheboygan.** Effective March 1.

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The common capital stock of the **First National Bank of Waukesha, Wis.,** was increased by the sale of new stock from \$1,625,000 to \$1,750,000. Effective Feb. 29. (Number of shares outstanding 70,000, par value \$25.)

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By a stock dividend, the **First National Bank of Stevens Point, Wis.,** increased its common capital stock from \$300,000 to \$400,000, and also by the sale of new stock from \$400,000 to \$500,000. Effective as of March 4. (Number of shares outstanding 50,000, par value \$10.)

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Plans are being made by the Directors of the **Security-Mutual Bank and Trust Co., St. Louis, Mo.** and **Plaza Bank of St. Louis, Mo.,** for a merger of the two banks. The officials of the respective banks are entering into formal negotiations for the merger.

Security-Mutual had total resources of \$93,206,920 and deposits of \$84,314,591 as of Dec. 31. The Plaza Bank had total resources of \$16,322,417 and deposits of \$14,881,299 on that date.

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John P. Meyer, Chairman of the Board of Directors of **Northwestern Bank & Trust Co., St. Louis, Mo.,** died Monday, March 7.

Prior to becoming Chairman in 1956, Mr. Meyer had been President of the bank for 21 years.

In 1922, Mr. Meyer started his career as a bank examiner for the State of Missouri and later was Vice-President of the **Southside National Bank in St. Louis, Mo.**

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By a stock dividend, the **First National Bank of Prestonburg, Ky.,** increased its common capital stock from \$100,000 to \$200,000. Effective as of Feb. 29. (Number of shares outstanding 20,000, par value \$10.)

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The American Commercial Bank, Charlotte, N. C., announced on March 14 the election of Yates W. Faison Jr. as Vice-President.

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By the sale of new stock, the **Merchants National Bank and Trust Company of Vicksburg, Mississippi,** increased its common capital stock from \$300,000 to \$400,000. Effective March 4. (Number of shares outstanding 20,000, par value \$20.)

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By a stock dividend, the **First National Bank in Pampa, Texas,** increased its common capital stock from \$400,000 to \$500,000. Effective March 3. (Number of shares outstanding 5,000, par value \$100.)

* * *

By a stock dividend, **The First National Bank of Pasadena, Texas,** increased its common capital stock from \$340,000 to \$408,000 and also by the sale of new stock from \$408,000 to \$500,000. Effective as of Feb. 26. (Number of shares outstanding 25,000, par value \$20.)

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The Cheyenne National Bank, Cheyenne, Wyoming, was issued a charter on Feb. 29. The President is A. H. Trautwein and the Cashier is C. L. Scribner. The bank has a capital of \$100,000 and a surplus of \$500,000.

Schweser Keymen Purchase Firm

OMAHA, Nebraska—A group of key employees of the Robert E. Schweser Company, Omaha investment banking firm, have purchased the company from its President and founder, Robert E. Schweser, on an equal share basis. Mr. Schweser has agreed to remain associated with the firm in an advisory capacity.

This firm was originated in 1941 by Mr. Schweser as a one-man operation with a main purpose of municipal underwriting. Today there are 18 employees. Business covers half the United States. An additional office is located in California.

In Nebraska alone, since 1945, the company has handled over 600 individual bond issues totaling millions of dollars.

Neither the firm's name nor policies will be changed according to the new officers, who are Leonard L. Lawrence, President; Frank E. Williams, Executive Vice-President; Patrick H. Rensch, Vice-President and General Counsel; Marshall J. Barlow, Vice-President; William March, Secretary-Treasurer; and Mary Gene Troyer, Assistant Secretary-Treasurer. In total, these officers bring with them over 100 years of experience in the municipal bond business. Officers will remain at 208 South 19th Street in Omaha.

Exchange Survey Of Inv. Clubs

The investment club movement is growing at an extraordinary rate, according to results of a survey by the New York Stock Exchange.

The study covered the period between June 1957, when the Exchange's first survey was issued, and November 1959.

Highlights of the study include:

The number of clubs have more than doubled—to 20,100 from 8,100.

Membership jumped to 277,000 from 121,000.

Volume of stocks held has tripled—to \$160 million from \$54 million. Average monthly investment per member was around \$18.50.

The Exchange's survey was based on questionnaires sent to 500 Exchange member firms doing business with the public. It is probably the most comprehensive study yet made of the movement, the Exchange reported.

There is no way of determining the total number of investment clubs in existence, but the proportion having accounts with Exchange member firms is probably quite high, the Exchange added.

Keith Funston, President of the New York Stock Exchange, in announcing results of the survey commented:

"The growth of the investmnet club movement is one more evidence of the broad nation-wide interest in shareownership. These clubs—formed by friends, neighbors or business associates—have the opportunity of learning the investment process soundly and thoroughly. Club members are in a position to study investment possibilities, make their own selections, and follow the results of their decisions.

"It is noteworthy that, as a rule, any profits and dividends are reinvested."

Other highlights of the survey:

(1) Investment clubs have become more and more popular among women. All-female clubs added up to 10.1% of the total, nearly double the June 1957 figure. The number of individual women members in these clubs increased to 28,254 from 6,507.

(2) Total monthly investment for all clubs jumped to \$5.1 mil-

lion in November from $2.1 million in June 1957.

(3) Average monthly investment per club was $208; more than three-quarters of the clubs invested less than $300 monthly.

(4) The average club had 14 members in November, compared with 15 in mid-1957.

(5) The average club had stockholdings worth $3,450 in eight issues. About 83% had holdings of up to $10,000. Some 16% had holdings from $10,000 to $99,999. Three-tenths of one per cent had portfolios worth $100,000 or more.

(6) Clubs are located in all 50 states, plus 36 in Canada and 26 in other countries. New York State led all others with 2,425 clubs, up from 776 in 1957.

(7) Among cities, New York passed Detroit and Chicago to take first place in total clubs; New York had 1,186, Chicago 1,011 and Detroit 870.

(8) Main objective of more than 70% of the clubs was capital appreciation. Investment experience was cited as the prime objective by 27%. The balance emphasized dividend income.

GeneralFoamCorp. Comm. Stk. Off'd

Brand, Grumet & Siegel, Inc. and Arnold Malkan & Co., Inc. on March 10 commenced a public offering of 175,000 shares of General Foam Corp. common stock (par $1) at $4 per share.

Of the net proceeds $90,000 will be loaned to Can-Do, Inc.; $200,000 will be applied for the purchase of foam manufacturing equipment including storage tanks, conveyor systems and installation costs; $15,000 will be expended for laboratory and testing equipment; $30,000 will be used for the payment and cancellation of a $39,500 obligation; and the balance of $265,000 will be used as additional working capital.

The company was incorporated in New York State on Sept. 22, 1953. On Dec. 15, 1959 the company acquired all the outstanding voting stock of The Schwab Rubber Co., Inc. and The Schwab Latex Co., Inc. The company and its subsidiaries since their inception have been privately owned. The company and its subsidiaries have been principally engaged in the business of purchasing, processing and distributing foam rubber and synthetic foam products.

J. R. Holt Branch

SALT LAKE CITY, Utah—J. R. Holt and Company has opened a branch office in the First Security Bank Building under the management of Gilbert I. Hill.

Salik Branch

BEVERLY HILLS, Calif. — Salik & Co. has opened a branch office at 251 South Robertson Boulevard under the direction of Robert E. Veillette.

Lester, Ryons Office

WHITTIER, Calif.—Lester, Ryons & Co. have opened a branch office at 14609 Whittier Boulevard under the management of John C. Tanza.

Westheimer Office

IRONTON, Ohio—Westheimer & Company has opened an office in the First National Bank Building under the direction of Harry C. Grimes, Jr.

C. Newton Kidd

C. Newton Kidd, partner in Stein Bros. & Boyce, Baltimore, Maryland, passed away on February 22nd.

Vladimir de Gravenoff

Vladimir de Gravenoff, associated with Sterling, Grace & Co., New York City, passed away on February 21st.

D. H. Blair & Co. Reorganization

D. H. Blair & Co., 42 Broadway, New York City, New York money and stock brokerage concern, has announced a general reorganization and expansion of its facilities. The company, a member of the New York Stock Exchange and an associate member of the American Stock Exchange, reports that it will carry on the money brokerage business it has performed for more than a half of a century and, in addition, will expand its facilities for financing and underwriting small and medium size growth companies.

New general partners who have recently joined the company are Louis Lieberbaum, formerly with Dreyfus & Co.; Walter C. Crawford, who was associated with Schoellkopf, Hutton & Pomeroy, Inc., and Clement M. Stuart, member of the New York Stock Exchange. Mr. Lieberbaum will head the account management division for the firm's individual customers, Mr. Crawford will handle D. H. Blair's expanded institutional business department and Mr. Stuart, who has been a member of the New York Stock Exchange since 1940, will represent the firm on the floor of the Exchange.

The firm's three other general partners are Robert W. Miller, Charles J. Miller and Kenneth B. Ortmann. All three have been with D. H. Blair & Co. as general partners. Robert Miller will head D. H. Blair's expanded underwriting department. Charles Miller continues as head of the firm's money brokerage department, and Mr. Ortmann continues as Secretary-Treasurer and will be given the new post of account executive in the firm's expanded customer securities department.

H. H. Abrams Opens

FT. LEE, N. J. — Hyman H. Abrams has opened offices at 207 Wilson Avenue to engage in a securities business.

Wm. Kerwin Opens

JAMESBURG, N. J. — William Kerwin is conducting a securities business from offices at 15 East Railroad Avenue.

Investors Planning Branch

BUFFALO, N. Y.—Investors Planning Corporation of America is opening a branch office at 10 Lafayette Square.

Texas IBA Group 25th Meeting

DALLAS, Tex.—The Texas Group of the Investment Bankers Association will hold its 25th Anniversary Meeting at the Sheraton Dallas Hotel, April 10, 11 and 12.

A gala program has been scheduled, including a field day with plent of golf, and the business sessions, while interesting, will be short at this silver anniversary gathering.

Form Lyon & Co.

PALO ALTO, Calif.—Lyon & Co. has been formed with offices at 800 Welch Road to engage in a securities business. Partners are Raymond R. Lyon and M. E. L. Lyon.

Is a Bear Market Inevitable?

By Dr. Clarence H. Gillett, *President, Gillett Investment Service, Inc., Riverside, Ill.; Associate Professor of Economics, University of Illinois*

Author questions Dow Theory's assumptions positing a full scale bear market. He contends that the theory is related to business activity and his analysis points up the greater variations in the changes of the averages than in industrial production. The investment adviser stresses the change in our economy precluding the likelihood of a serious business decline and deflation. He agrees our economy is subject to fluctuations but explains governmental automatic and discretionary intervention forestalls any economic reason for a major bear market.

The Dow Theory has been used by many followers of the market during the last 60 years and now it should be examined on the basis of changes that have occurred in our economy.

Dr. C. H. Gillett

This theory was named after Charles H. Dow who was the founder of the Dow Jones and Company, owners of the *Wall Street Journal* and *Barrons.* Mr. S. A. Nelson reduced the writings of Charles Dow between 1900 and 1902 to a theory. This theory was tested by W. P. Hamilton who wrote for the *Wall Street Journal* between 1902 and 1929. The theory was further developed by Robert Rhea who published his book *Dow Theory* in 1932.

The writer is not questioning the fundamentals back of the Dow Theory but only the conclusions regarding the third or last phase of a bull market. It is during this phase that speculation reaches its peak and there is little regard for the intrinsic value of an issue. This phase according to the Dow Theory precedes the inevitable bear market which will last about half as long as the preceding bull market.

The writer is questioning the validity of this assumption that a full scale bear market is inevitable. It is impossible for any one to say that it will not occur any more than it can be said that we shall never have a depression as was witnessed in 1930.

It is recognized by followers of the Dow Theory that the averages express the hopes, disappointments and the knowledge of all the participants in the market. The averages often forecast a slump in business long before the general public is aware of it. This happens because its expresses the knowledge of the individual as it relates to him. For instance even the Federal Reserve Banks depend upon the information of their directors to determine policy before the information is available in statistics.

If we assume that the averages only express what the public believes is going to happen, how can one assume a bear market must exist when the economy does not justify the existence of the bear market? The writer believes that the emphasis placed upon the third phase is not justified. Dow Theorists who so believe are basing their opinions upon the historical approach without recognizing the changes that have occurred in our economy.

Those who believe that a bear market is inevitable can be compared to the economists who are still expecting a full size depression. Readers are well aware of the pessimism that was generated in 1949, 1953 and 1957 by many businessmen, financial writers, bankers, and even economists. In all three years, these man were proven wrong since business failed to collapse as they had anticipated. It is not quite fair to be too critical of the viewpoint of these men and women as most of the people directing policy, lecturing and writing belong to the age group over 40 years and are basing their decisions either on past experience or on teaching prior to 1946 and even at that time most economic instructors were still strong believers in classical economics. Since 1946 the income approach has received more and more attention and will in time tend to provide a better informed group in business, government, and education.

It is the writer's contention that the Dow Theory is related to business activity and at this point a comparison is in order. For the purpose of this study a comparison is made of the Dow Jones Industrial average to the Gross National Product and the index of Industrial Production for the years 1929 to 1958. These data are listed below.

Year	GNP Billions	Industrial Production	Dow Jones Industrials High	Dow Jones Industrials Low
1929	104.4	59	381.17	198.69
1930	91.1	49	294.07	157.51
1931	76.3	40	194.36	73.79
1932	58.5	31	88.78	41.22
1933	56.0	37	108.67	50.16
1934	65.0	40	110.74	85.51
1935	72.5	47	148.44	96.71
1936	82.7	56	184.90	143.11
1937	90.8	61	194.40	113.64
1938	85.2	48	158.41	98.95
1939	91.1	58	155.92	121.44
1940	100.6	67	152.80	111.84
1941	125.8	87	133.59	106.34
1942	159.1	106	119.71	92.92
1943	192.5	127	145.82	119.26
1944	211.4	125	152.53	134.32
1945	213.6	107	195.82	151.35
1946	209.2	90	212.50	163.12
1947	232.2	100	186.85	163.21
1948	257.3	104	193.16	165.39
1949	257.3	97	200.52	161.60
1950	285.1	112	235.47	196.81
1951	328.2	120	276.37	238.99
1952	345.4	124	292.00	256.35
1953	363.2	134	293.79	255.49
1954	361.2	125	404.39	279.87
1955	391.7	139	488.40	388.20
1956	414.7	143	521.05	462.35
1957	442.5	143	520.77	419.79
1958	441.7	134	583.65	436.85

An examination of the above figures indicates the advisability of using the index of industrial production since the Gross National Product contains enough additional items to conceal the greater variation in the industrial sector. For that reason only the index of industrial production will be used.

Listed below are comparative figures for the different reactions in the market during the last 30 years.

Year		GNP	Industrial Production	Dow Jones Industrials
1929		104.4	59	381.17
1932		58.5	31	41.22
	Decline	45.9	28	339.95
	% Decline	43.9	47.4	89.0
1937		90.8	61	194.40
1938		85.2	48	98.95
	Decline	5.6	13.	95.45
	% Decline	6.1	21.3	49.0
1945		213.6	107	212.50
1946		209.2	90	163.12
	Decline	4.4	17.	49.38
	% Decline	2.6	15.9	23.2
1948		257.3	104	193.16
1949		253.3	97	161.60
	Decline	0.0	7.	31.56
	% Decline	0.0	6.7	16.3
1953		363.2	134	293.79
1954		361.2	125	(1953) 255.49
	Decline	2.0	9.	38.30
	% Decline	.5	6.7	13.0
1957		442.5	143	520.77
1958		441.7	134	419.79
	Decline	.8	9.	100.98
	% Decline	.18%	6.2	19.3

From the above data it is evident that every major decline in the market has been accompanied by a decline in industrial production. Dow Theorists would expect the averages to reveal this fact and rightly so. In comparing these reactions it is interesting to note that there has been considerable variation in these reactions as is shown by a comparison of the decline in the industrial production with the decline in the industrial average. Below are shown the number of times the decline in the averages exceeded the decline in production.

Year	Percent Decline Industrial Production	Percent Decline Dow Jones Industrials	Comparison of Rate of change
1929-32	47.4	89.0	1.8
1937-38	21.3	49.0	2.3
1945-46	15.9	23.2	1.3
1948-49	6.7	16.3	2.4
1953-54	6.7	13.0	1.9
1957-58	6.2	19.3	3.1

Whenever the investor thinks of a bear market he inevitably thinks of 1929. From 1929-32 the averages declined 89% but industrial production also declined 47.7% or 1.8 times the decline of industrial production. This fact is important to remember. The great bear market of 1929 only predicted what was going to happen in the economy. Again in 1937 and 1946 the same thing happened. It is interesting to note here that in only three reactions in 30 years did the decline in industrial exceed 20%.

For a student of the market the last three major reactions are important. The greatest deviation between the averages and index of production occurred in 1957 when the averages declined 3.1 times the index of production. Following this decline the industrial average advanced over 50%.

The question that must be answered is why did the averages deviate so much more than production in 1957.

The uncertainty that has been experienced by businessmen, investors, and others during the last decade, especially—is largely the result of misunderstanding the economic conditions under which our economy operates.

Decisions have been made upon the basis of the *historical approach,* without recognizing the fact that *fundamental changes have occurred during the last two decades.*

Economic Factors Have Changed

Using economic thinking of the past is as futile as for a physician to make his rounds in the horse and buggy. This does not imply that principles of economics that have been developed through the years are unsound . . . but it is impossible to arrive at correct solutions without considering that *factors in our economy have changed.*

Many individuals have been expecting a serious decline in business activity with a large amount of deflation. It is true that this may occur—but your great, great grandchildren might be very old before it happens.

The outstanding factor that has changed during the last two decades has been the *influence of government.* In 1929, we had regulations, but the scope of these regulations was definitely limited . . . and, in the main, was to protect the public from monopolistic practices and to protect the health of the individual.

A positive program of regulation did not exist, and, to the extent that any regulation did exist, the influence was definitely limited.

In 1929, the Federal Reserve System had been functioning for over a decade—but still additional controls were found to be necessary. Furthermore, our income tax at that time was not as large a factor as today. Unemployment benefits were unknown as we think of them today. Old age benefits were in the future. What has been the effect of these changes on our economy?

Our nation now operates under a managed economy. No longer is a recession allowed to go on its decline — nor is an inflationary and prosperous period allowed to move forward without *some* brakes being applied.

In our economy, there are two types of influence at work. First, we have the *automatic stabilizers that tend to regulate* the economy slowly. These however, are not enough to give prompt action — so we have *discretionary controls.*

Automatic stabilizers include those factors that tend to balance the economy without any positive action by government bodies. This group includes *unemployment benefits, old age benefits,* and *taxes* (withholding taxes and income).

The unemployment tax is based upon income and is paid by the employer. In periods of high business activity, the purchasing power of the nation is being reduced—since more funds are being collected than paid, which is the reverse of what would occur in a period of recession of any magnitude.

Payments to dependents and retired individuals (especially the latter) tend to act as a stabilizing factor. At age 65, there is often a question as to whether or not to retire. In periods of high business activity, the individual of 65 will have a better opportunity to work and possible retirement will not occur because of high wages and good working conditions.

In periods of slow business, there will be a tendency for more individuals to accept retirement benefits. Thus we find that there is a tendency for business to be stabilized as a result of this factor.

The last type of automatic stabilizers to be discussed is illustrated by the *Social Security Tax and Income Tax.* The least effective as a stabilizer is the Social Security Tax—since this is a flat rate and not progressive. However, payments are made only when income is earned, so any reduction in income results in a reduction of the amount paid in tax both by the employee and employer.

Income Tax as a Stabilizer

The income tax (both personal and corporation) is a stabilizer of considerable magnitude.

The personal income tax is very important as a stabilizer, since it is progressive that is, the tax payment becomes larger with income not only in amount but *also in percentage.* At present time, the rate ranges from 20% for incomes under $2,000 to 91% on incomes that are in excess of $300,000.

How does the income tax act as a stabilizer? The income tax, since it is progressive, tends to reduce the disposable income relatively as income . . . thereby curtailing consumption.

For instance, an increase in income of 20% will not cause an increase in disposable income of the same amount, due to the progressive feature of the tax. Therefore, in a prosperous period, disposable income is reduced — whereas, during a slump the reduction in income will not cause the same reduction in disposable income. This will reduce the effect on consumption of a decrease in income—which affects the National Income.

As far as the individual is concerned, a layoff of a few weeks, although serious, will not be felt as much . . . because while working he has been paying withholding tax, and, because of the layoff, a refund of the excess payments will be coming to him. Also, there probably will be a reduction in the rate of payment, because of the layoff.

This factor, combined with unemployment benefits, makes a layoff less serious and *possibly may curtail production by encouraging the employee to remain unemployed.*

The corporation tax—which has little justification, except as a source of additional income to the government—also tends to act as a stabilizer . . . since losses can be accumulated against profits. This tends to keep dividend payments more stable.

These three automatic stabilizers will tend to keep the economy in balance. In fact these stabilizers would probably do the job completely if it were not for other factors.

The success of the income tax as a stabilizer depends upon the expenditure policy of the government. *The excess taxes of prosperous years should be used to reduce debt . . . whereas debts should be accumulated in lean years, when taxes are insufficient.*

Our economy, as well as all capitalistic economies, is subject to *fluctuation in business activity.* This is a necessary "evil" which results whenever we depart from barter economy. However, no one

would want to resort to barter, so we must live with the business cycle.

The business cycle is composed of four major phases . . . *prosperity, recession, depression, and recovery*. These phases will always occur, but we do not need to have a depression like 1929. As far as the business cycle is concerned, 1949 and 1953 could be considered as depression years. But—for depression years, business certainly was good during 1953.

These fluctuations result from many causes. An industry like the automobile industry may overproduce, with the result that the public can no longer absorb the production at the existing prices. *Then an adjustment period is essential.*

Discretionary policies can be divided into two major classes . . . *monetary and fiscal*. In this discussion we shall consider first the *monetary policies* that will affect our economy — since these are definitely discretionary and do not require special legislation.

Whenever we think of monetary policies, we invariably are thinking of the Federal Reserve. The Federal Reserve receives a lot of criticism, since its decisions do not always coincide with political expediency. The Reserve is criticized by some for being too liberal, and by others for being too tight in their policy.

Over the years, the Federal Reserve has been relatively liberal and, in many cases too liberal—at least for the anti-inflationists. At other times, it has been too strict at the wrong time.

The Federal Reserve has three main weapons to use—*reserve requirements, rediscount rates, and open market operations*. Rediscount rates and open market operations are used more extensively than changing of the reserve requirements.

The raising of the rediscount rates not only has the effect of making borrowing more expensive, but it also has a psychological effect *which is many times more powerful as a deterrent to business activity than the actual increase in interest.* The raising of the rediscount rate usually will have a greater effect as a deterrent than will the lowering of the rate as a stimulant. Unless there is a good reason to borrow the public will not borrow regardless of what the rate is. Therefore, it appears that the rediscount rate functions better as a deterrent than a stimulant.

Open market operations can be used to increase and decrease the amount of funds available. This operation does not have the same psychological effect as the rediscount rate — since open market operations are less understood by the general public than the rediscount rate.

When funds are short in the money market, the Federal Reserve may go into the market and buy paper — thus increasing its holding and, at the same time, providing more money for the banks. This naturally reduces the need on the part of the bank for rediscounting or for tightening loans.

This operation is used frequently to adjust for emergencies in the financial market. On the other hand, paper will be sold, if necessary, to *withdraw surplus funds from the market.*

Changes in the reserve requirements for the member banks are made infrequently and these requirements generally remain in effect for a relatively long period. However, it is always possible to raise or lower these requirements.

The raising of the requirements will usually force more extensive borrowing from the Federal Reserve—thus causing the banks to collect higher interest rates.

In addition to the above, the Federal Reserve may lower or raise margin requirements on securities. Also, on a voluntary (?) basis, it may restrict credit of member banks who are rediscounting. So it is apparent that in the Federal Reserve we have a stabilizer that can be very effective in determining the level of business activity.

The Federal Housing Administration exerts a tremendous influence on the construction industry as well as the whole economy. The present boom definitely has been encouraged by the FHA's liberal policy regarding loans on real estate.

Today the size of the down payment and the monthly payment is more important than the price. Easy terms have been and still are the largest selling point in housing. The advisability of this policy is not the subject of this discussion—but the effect on the economy of changes in FHA policies can not be ignored.

Those discretionary policies that require no legislation have been considered and now we must consider legislative acts that can be used to affect our economy—i. e., *fiscal policy*. Fiscal policy includes the actions taken regarding income and expenditures of the government. An increase in taxes with expenditures remaining the same will be a deterrent to prosperity—since the government will be taking more from the economy than is being given back. Likewise a decrease in expenditure will have the same effect.

Thus it is evident that in the case of a boom the government could increase taxes and decrease expenditures with the result that business would slump unless private investment could absorb the slack. Also, if the government desired to bolster the economy taxes could be reduced and expenditures increased with the result that expansion in business activity would take place, unless private investment should fall to a greater extent.

In addition to all of the above factors that tend to make a major bear market impossible is the change that was made relative to short selling. Short sellers in 1929 were able to use their profits from short selling to further depress the market. Now with the requirements that a short sale can only be made on a rise, the activity of the short seller has been curbed.

Although the writer believes that any selloff of more than 25% is unlikely there will be as in the past instances where the decline in an individual issue may be large. Whenever any issue becomes overvalued, it is vulnerable to a selloff. For instance Art Loom Industries declined from 27½ to 7⅛ or 74%. Actually there is occurring constantly a revaluation of issues. This revaluation becomes more pronounced on any reaction in the market.

We can expect a reaction in the market whenever there is a decline in industrial activity. The extent of the reaction will depend upon investors' confidence existing at the time.

Form Service Securities

NEWPORT NEWS, Va.—Service Securities, Inc., is engaging in an investment business from offices at 112 Twenty-Eighth Street. Officers are Gabriel J. Glasheen, President; James W. Lemasters, Executive Vice-President; Creston M. O'Bryan, Jr., Vice-President; E. K. Lemasters Treasurer; W. F. O'Bryan, Secretary, and A. B. Glasheen, Assistant Secretary.

MUTUAL FUNDS

BY ROBERT E. RICH

The Wise Money

Our Ivy League schools, whose alumni have left their mark on our investment community, have acquired a considerable reputation for inculcating liberal, progressive and even leftist philosophies within their halls. But, as President Eisenhower says: "I am liberal in my economic philosophy, but conservative in dealing with the people's money."

There's a wide streak of conservatism in the endowment funds of our Eastern colleges. The Space Age, it seems, is for the laboratory —not the portfolio. This conclusion emerges from an examination of the 10 most favored stocks of Harvard, Yale, Princeton and Columbia. At the close of their latest fiscal year, Standard Oil Co. (New Jersey) led the portfolios of Columbia and Harvard in share total. It vied with Texaco for first place in the Princeton holdings and was tied with General Electric at Yale.

And what stock is the favorite of some 900 investment institutions? That same Standard of Jersey.

Nor is it merely Standard of Jersey—or even Texaco—that has caught the fancy of the endowment-fund managers. Thus, in share numbers, Columbia has nothing but oils to show among the first five in its portfolio. For Princeton, the score is four out of five (Aluminium, Ltd. is fourth). Old Eli comes up with oil in only three of 10—a strong vote, to be sure, but less emphatic than the others. As for Harvard, no less than four of the top seven are oils. Incidentally, Harvard was reducing its holdings of General Electric even as it was boosting its stake in Standard Oil of California.

General Electric is the third most favored stock of insurance companies, investment trusts, common trust funds and the other institutions. General Motors is second. But in the Ivy League it is not among the Top 10 at Princeton and Columbia. It's only ninth at Harvard. And, as previously noted, it ties for first place at Yale, although for years it had been an unchallenged first.

And only the gentlemen of New Haven rank G.M. among the 10. Ahead of the automotive kingpin are G.E., Standard of Jersey and Aluminium.

If the oils are tops with our college endowment funds, they nevertheless must share their domination with utility stocks. Harvard, as an example, has no less than four among its leaders—equaling the oil total. They are New England Electric System, Union Electric, Middle South Utilities and Niagara Mohawk Power. Yale has only two — El Paso Natural Gas and Florida Power & Light. Princeton shows only Northern Natural Gas. Columbia reports four: American Telephone & Telegraph (an industrial to some Wall Streeters), Northern Natural Gas, El Paso Natural Gas and Southern Co.

Interestingly, A. T. & T., whose 1¾ million shareholders make it, far and away, the largest family of owners in the world, is not even represented among the major holdings of Harvard, Yale and Princeton. Equally interesting is the fact that the railroads, which have few friends in the fund field, have representation in this conservative society. Seaboard Air Line is the second most favored of Harvard men, a position it has occupied for years.

Of course, the needs of our colleges put them in a special category and this is reflected in the conservative bent of their portfolios. Income and safety are paramount. The desire to avoid cyclical stocks and so-called glamour issues is not only understandable, but commendable. It is difficult to quarrel with the stress on bread-and-butter equities. Plainly, the colleges have not taken their cue from the managers of open-end and closed-end funds or other investment leaders. An illustration of this may be found in the fact that institutional holders in recent years have elevated United States Steel from no representation among the 25 favorites to the tenth spot. Yet Big Steel, kingpin of a cyclical industry, is represented only among the Yale favorites—No. 8. And but for Yale's G.M. (78,400 shares at the end of the fiscal year) the even more cyclical automotive industry would not be represented.

The Funds Report

Incorporated Income Fund net assets on Jan. 31 stood at $99,272,571 with 10,836,213 shares outstanding, according to the quarterly report of the fund managed by Parker Corp. of Boston. "On Jan. 31, 1960 net asset value per share was $9.16," William A. Parker, chairman, and Charles Devens, president of the fund, state in their letter to stockholders. "Taking into account the capital gain distribution of 30 cents paid per share on Dec. 15, this was the equivalent of $9.46 and represents a decrease of 1% from Oct. 31 asset value of $9.56. Major portfolio change during the quarter involved an increase from 32.1% to 37% in the percentage of the fund's assets invested in bonds and preferred stocks. The balance of invested assets were in common stocks. Standard Oil of New Jersey was added to the common stock section during the quarter and Virginian Railway and Mack Trucks were eliminated.

* * *

Commonwealth Income Fund of San Francisco reports total net assets of $16,555,000 as of Feb. 29. This compared with total net assets of $10,535,000 on Feb. 28, 1959. Net asset value per share on Feb. 29, 1960, was $9.50 after adjusting for the 60 cents capital gains distribution of Nov. 30, 1959. This compared with net asset value per share of $9.83 a year earlier.

* * *

Axe-Templeton Growth Fund of Canada, Ltd., in reporting for the quarter ended Jan. 31, says it has increased its holdings in Crown Life Insurance Co. and in Investors Syndicate of Canada, Ltd. Class "A" stock. New commitments were made in the convertible preferred stock of International Utilities and Brockville Chemicals. The fund also reports holdings in Standard Wire & Cable Co. Ltd. and North Star Oil, Ltd. have been sold.

* * *

Missiles-Jets & Automation Fund, Inc., semi-annual report covering the period ended Jan. 31, shows total net assets of $4,782,442. This compares with total net assets of $3,064,752 on Jan. 31, 1959, for an increase of 56%. During the same period the number of outstanding shares increased 41%, from 276,910 to 395,889. Net asset value per share on Jan. 31, 1960, was $12.08. Taking into account a 50 cents capital gains distribution made in the interim period, this represents an increase over last year of 13.6%. At the end of the fiscal half year, 81.6% of the fund's assets was invested in the securities of 38 companies. The five largest holdings on Jan. 31, 1960, in order, were American Machine & Foundry Company, Lockheed Aircraft Corp., General Tire & Rubber Co., Westinghouse Electric Corp. and Thiokol Chemical Co.

* * *

Energy Fund, Inc. reports that at Feb. 29 net assets totaled $9,756,601, equal to $20.72 a share. This compares with $6,826,947 and $20.09 a year earlier. During the year shares outstanding rose to 470,991 from 339,781.

* * *

Affiliated Fund, Inc. reports that in the first quarter of its fiscal year (starting Nov. 1) there was a decrease of 11 cents a share or 1½% in the value of the shares after adjustment for a 36 cents capital gain distribution paid in December. At the end of January, net assets were $569,083,030, equal to $7.09 a share. This per-share value, together with the capital gains distribution, is equal to $7.45, against the Oct. 31, 1959, value of $7.56.

* * *

Business written last month by the more than 4,000 sales representatives of **Investors Planning Corp. of America** totaled $14,780,000 for a new February high, Walter Benedick, president, announced. Last month's volume was slightly higher than the $14,628,000 January total (a record for that month).

It amounted to a 57.1% gain over the $9,410,000 of February, 1959 and 188% over the $5,129,000 of February, 1958.

* * *

International Resources Fund shareholders voted at the annual meeting to broaden the investment policy of the fund by amending the company's certificate of incorporation as well as the registration statement of the fund under the Investment Company Act. Under the new investment policy, International will be enabled to place more emphasis on investment in scientific, industrial, commercial, financial, and other economic resources, and, when deemed desirable, to place less emphasis upon investment in natural resources. Prior to the change, International Resources Fund's $18,000,000 of investments had been limited primarily to companies in the natural resources field. Capital Research and Management Co. of Los Angeles is investment adviser to the Fund.

Delaney Promoted By First Boston

PHILADELPHIA, Pa.—The First Boston Corporation announced that Robert C. Delaney has been promoted to Assistant Manager of the Government Bond Department of the firm's Philadelphia office, 1500 Chestnut Street.

Mr. Delaney joined The First Boston Corporation in July, 1957.

Chicago Analysts to Hear

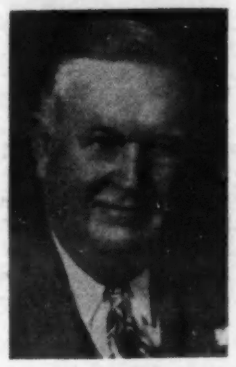
CHICAGO, Ill.—Louis C. Lustenberger, President of W. T. Grant Company, will address the luncheon meeting of the Investment Analysts Society of Chicago to be held March 24 at the Bismarck hotel.

Form Principal Inv.

Principal Investing Corporation has been formed with offices at 500 Fifth Avenue, New York City, to engage in a securities business. Officers are Maurice Robbins, President and Treasurer; Elayne Wadman, Vice-President, and Beatrice Robbins, Secretary. All were formerly with B. Ray Robbins Inc.

A. C. Allyn Co. Expanding

CHICAGO, Ill.—A. C. Allyn & Co., 122 South La Salle Street, will expand and modernize five offices in 1960, continuing its extensive program of improving facilities to serve investors, A. C. Allyn, senior partner, announced in the annual report. The investment firm, which opened four new offices in Florida in the last 6 months, will enlarge its offices in New York City, Aurora (Ill.) Gary (Ind.), Madison and Milwaukee, (Wisc.) in 1960.



A. C. Allyn

The New York office will move to larger space in the Atlantic Building, 45 Wall Street, within the next few months. Other offices will feature new quotation boards, ground floor locations, additional wire facilities, and other investor services. In addition to opening the Florida offices—in Miami Beach, Palm Beach, Fort Lauderdale, and Pompano Beach—the Allyn organization last year expanded facilities in Philadelphia, Kansas City, Omaha, Flint, and Rockford.

Net worth of both A. C. Allyn & Co., a partnership, and A. C. Allyn

THE
LAZARD FUND, INC.
44 Wall St., New York 5, N. Y.

Dividend Notice

The Board of Directors today declared a dividend of 8 cents per share on the Capital Stock of the Fund payable April 15, 1960, to stockholders of record March 21, 1960. The dividend is payable from net investment income.

R. S. TROUBH
Treasurer

March 14, 1960.

Massachusetts Life Fund

DIVIDEND

Massachusetts Life Fund is paying a dividend of 15 cents per share from net investment income, payable March 21, 1960 to holders of trust certificates of record at the close of business March 18, 1960.

Massachusetts Hospital Life Insurance Company, Trustee
50 STATE STREET, BOSTON 9, MASS.
Incorporated 1818

and Company, Incorporated, the affiliated underwriting and dealer organization, reached new highs at the close of 1959.

Net worth of A. C. Allyn & Co. totaled $964,496, a gain of $285,189 for the year; net worth of A. C. Allyn and Company, Incorporated, amounted to $14,386,338, up $403,-350.

Net income of the partnership amounted to $475,256 in 1959. Net income of the corporation totaled $836,459.

Listed and over - the - counter stock transactions in 1959 were the largest in the history of the organization. Listed business gained 33.6% over 1958. Sales of municipal bonds to individuals advanced notably in 1959, according to the report.

A. C. Allyn and Company, Incorporated, participated in 223 underwritings, corporate and municipal, in 1959.

Cascade Pools Corp. Comm. Stk. Off'd

R. A. Holman & Co., of New York City, on March 1 commenced a public offering of 100,000 shares of common stock (par 10 cents) of Cascade Pools Corp. at a price of $1 per share.

Of the net proceeds, $25,000 will be used for tools, machinery and equipment for the new plant to be occupied by the company, $25,-000 for installation of leasehold improvements in the new plant; and $33,000 for additional working capital and inventory.

The corporation is engaged in the manufacture and sale of complete residential swimming pool packages which are installed by its dealers throughout the United States.

ASE Stk. Clearing Corp. Officers

The following officers have been appointed by the American Stock Exchange Clearing Corporation to serve for the ensuing year:

Chairman: Edward W. Kraebel.

Vice Chairman: Charles J. Bocklet.

President: Edward T. McCormick.

Vice - President and General Manager: August Gunther.

Treasurer and Comptroller: Eugene A. Gaiser.

Secretary and Assistant Treasurer: C. E. Sheridan.

Townsend E. Allen, Leonard C. Greene and Ronello B. Lewis have been named to the Board of Directors to serve until the Annual Meeting in March 1963.

Form Lipman, Cohen

BEVERLY HILLS, Cal.—Lipman, Cohen Associates has been formed with offices at 211 South Beverly Drive to engage in a securities business. Partners are Alan Lipman, Jed M. Cohen, general partners, and Norman Elzer, limited partner.

Riverside Securities

(Special to THE FINANCIAL CHRONICLE)

BURBANK, Calif.—Riverside Securities, Inc., has been formed with offices at 4421 Riverside Drive to engage in a securities business. Officers are John Mendoza President, and Virginia B. Mendoza, Secretary-Treasurer. Mr. Mendoza was formerly with Wilson & Bayley.

National Investors Planning

DES MOINES, Iowa—National Investors Planning Corporation has been formed with offices in the Plaza State Bank Annex to engage in a securities business. Officers are Edward W. Lockner, President and Treasurer; Gerald F. Tigges, Vice-President, and T. Michael Lockner, Secretary.

T. B. Luse Named Talcott V.-P.

Theodore B. Luse has been named Vice-President of James Talcott, Inc., 106-year-old factoring and commercial and industrial financing organization, it has been announced by Joseph A. Amato, Vice-President of the company's Factoring Division. He will serve as a factoring account executive.

Mr. Luse, formerly executive Vice-President of Congress Factors Corporation, is widely known in banking and textile circles. He is a former President of the New York Institute of Credit, executive Chairman of the Uptown Credit Group, President of Textile Salesmen's Association and President of Esquire Credit Club.

Talcott, founded in 1854, is engaged in all phases of factoring, commercial and industrial financing, equipment leasing and rediscounting. Offices and subsidiaries are located in New York, Chicago, Detroit, Boston, Atlanta and Los Angeles.

Forms L. J. Termo Co.

L. J. Termo & Company, Inc. has been formed with offices at 79 Madison Avenue, New York City, to engage in a securities business. Leonard J. Termo is a principal of the firm.

Investors Planning Opens Training Center

Its newest Mutual Fund Sales Training Center was opened at 91 Franklin Street in Hempstead, N. Y. by Investors Planning Corporation of America.

The company also maintains Sales Training Centers at 60 East 42nd Street, in New York City, and at 946 Main Street in Hackensack, N. J.

According to I. P. C. President Walter Benedick, the Hempstead Center was opened as a convenience to Long Island residents interested in becoming registered representatives of the big mutual fund sales organization.

Open daily, the new center is staffed with a full-time training faculty and is equipped with modern training techniques.

Form Diamond, Doorley

PROVIDENCE, R. I. — Diamond, Doorley & Co., Inc., has been formed with offices at 65 Washington Street to engage in a securities business. Officers are Robert H. Diamond, President; Robert E. Doorley, Vice-President; and William F. Doorley, Secretary-Treas.

With F. I. duPont

Mrs. Dorothy Halprin Beck has become associated as a Registered Representative with the Madison Avenue office of Francis I. duPont & Co., nationwide security and commodity brokerage firm, it was announced by Lloyd Kayser, manager of the firm's office at 342 Madison Avenue, New York City.

Prior to her present appointment with Francis I. duPont & Co., Mrs. Beck engaged in the corporate and private practice of law.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Robert T. Morris, III, has been added to the staff of Merrill Lynch, Pierce, Fenner & Smith Inc., Executive Building. He was formerly with Foster & Marshall.

Dayton Pres. of Phila.-Balt. Exch.

PHILADELPHIA, Pa. — S. Grey Dayton, Jr., partner, Elkins, Morris, Stokes & Co., has been unanimously elected President of the Philadelphia-Baltimore Stock Exchange. He succeeds J. Raymond Leek, partner, Bioren & Co., who retires as President after serving for three years.


S. Grey Dayton, Jr.

Mr. Dayton in 1949 became a partner of Edw. Lowber Stokes & Co., which merged with Elkins, Morris & Co., in July, 1956.

Mr. Dayton stated: "1959 share volume increased 22.2% over 1958, which in turn increased 21.5% over 1957. This 48.5% cumulative increase in business in two years reflects dramatically the results of our program of expansion, sparked by merger with the Baltimore Stock Exchange in 1949.

"In the past 10 years we have changed from a Philadelphia centered operation to an Exchange serving the Eastern United States from Maine to Florida, and affording our members the most modern facilities. The Stock Clearing Corporation of Philadelphia performs more services for our members than any organization of its kind in the country.

"We now have the momentum of growing business upon which to build. Combined with our tradition as America's Oldest Exchange, we are in the best position in our recent history to attract business and listings from investors and corporations in the Eastern United States."

J. B. Joseph to Admit

On March 28th Leon Drusin will become a partner in J. Bernard Joseph & Co., 72 Wall Street, New York City, members of the New York Stock Exchange.

Suburban Investors Branch

FREEPORT, N. Y.—Suburban Investors Corp. has opened a branch office at 30 Bedell Street under the management of Joseph H. Fisher.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

INSURANCE COMPANY OF NORTH AMERICA COMPANIES

Enterprise distinguishes the North America group of companies. The parent, Insurance Company of North America, is the nation's oldest, largest and most profitable of the stock fire insurance companies. With two wholly-owned subsidiaries, the North America Companies underwrite multiple-line insurance world-wide through more than 20,000 agents and brokers. The group ranks among the top seven fire-casualty concerns in the industry measured by assets and by premiums written; assets exceed $1 billion.

To ensure cost reduction, the recently completed re-allocation and consolidation of its underwriting position allows INA to meet competition even more effectively. The Philadelphia Fire and Marine Insurance Company, a wholly-owned subsidiary, was merged into the parent company in 1958. All auto and casualty business is now handled by the subsidiary, Indemnity Insurance Co. of North America. The rapidly growing life subsidiary, Life Insurance Co. of North America, started business in 1957 with the goal of $1 billion insurance in force by the end of 1967. Since life insurance in force has already grown to $337 million at the end of 1959 the goal probably will be achieved prior to 1967.

Underwriting activities divide about evenly between fire and casualty lines. Wider profit margins than those of most competitors are achieved by provident selection of risks. Aggressive and innovation-minded management has established an excellent growth record in net premiums written (the gauge of insurance acceptance and merchandising methods); progress is expected to continue at a good pace.

Complementing typical coverage lines, INA offers fire insurance below the "established rates" of the orthodox underwriters, provides full facilities for family security through "package" policies, and serves business concerns with blanket liability coverage. The company withstood the ravages of the heavy loss cycle during the past several years far better than have most competitors.

A complete company multiple insurance exertion has resulted from spearheading the movement for multiple-line operation, originating the Homeowners policy, and entering the life insurance field.

Typified by cost reductions, thorough personnel training and stock incentive plans, operations have forged ahead in servicing customers interested in price and convenience as well as protection and quality. Direct writers with their career agents have shown the way in merchandising insurance coverage and INA is showing the way for the independent agency companies to compete effectively with the direct writers. Recent effort has been concentrated on personal insurance needs, including accident and sickness and life as well as Homeowners, the package policy of residential protection. Currently the Indemnity Company is introducing the INA-Champion Automobile Policy, a modern, selective risk, competitively priced protection for private passenger cars; it will be available in the majority of States early in 1960.

Selected Statistics — Growth and Underwriting Control

Year	—Net Premiums— Written*	Earned*	Admitted Assets*	†Loss Ratio	‡Expense Ratio	Profit Margins
1959	$357.8	$338.3	$1,064.1	60.1%	37.4%	97.5%
1958	340.5	316.9	1,022.4	60.4	37.4	97.8
1957	322.7	294.7	867.4	62.5	37.8	100.3
1956	288.4	269.1	857.5	58.8	38.5	97.3
1955	269.7	253.9	820.4	57.7	38.1	95.8

*In million $.
†Losses incurred to premiums earned.
‡Expenses incurred to premiums written.

In 1959 underwriting profits increased from 2.2% to 2.5% through loss reductions. Net premiums written increased 5.1% to $357.8 million; the gain was entirely in property lines. Casualty line volume, mainly auto, was deliberately kept down to the 1958 level in order to cut losses. A 15% increase in casualty lines, however, is projected for 1960. Management is counting on at least a 10% gain in over-all 1960 underwriting production which could approximate $400 million; results in January and February were unusually good.

Per Share Statistics

Year	Approx. Price Range	Invest. Income	Total Earnings	Avge. P/E Ratio	Dividend	Approx. Book Value
1960	139 - 122	----	----	----	$3.60	----
1959	148 - 115	$5.40	$5.73	23.0	3.00	$116.12
1958	137 - 91	5.13	5.51	20.7	2.50	112.63
1957	110 - 81	4.95	4.07	23.6	2.50	90.99
1956	104 - 83	4.72	4.60	20.4	2.29	97.25
1955	106 - 83	4.34	4.81	19.8	2.08	95.04
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1949	46 - 34	2.45	4.92	8.1	1.13	39.61

Net investment income has increased over 120% during the past decade, an exceptional record. A relatively high return on investments is earned due to sizeable common stock holdings and management's aggressive policies. At year-end 1959 the market value of the bond and stock portfolio amounted to $162 a share, with common stock representing 57.5%. The life insurance subsidiary is carried as an investment at $9.3 million (market value estimate), or $1.70 per INA share, at the end of 1959.

The stock of this strongly financed company can be considered a sound investment in the multiple line insurance field. Since the market recognizes the company's enterprising activities, the issue historically is priced on a low yield basis and at a high multiple of earnings. The recent streamlining of operations and entrance into life insurance inspire confidence in the continuation of aggressive and effective operations. Recognizing *convenience* is as pleasant to insurance stockholders as to policyholders, the stock is listed on the American Stock Exchange. At the recent price of 134, a yield of 2.7% is obtained on the indicated $3.60 dividend rate.

Subject to approval by stockholders this week, authorized shares will be increased from 10 million to 15 million shares of $5 par stock, a 100% stock dividend will be declared in April, and a quarterly cash dividend of 45¢ on the increased shares will be paid in July, to stockholders of record June 30, 1960. The dividend action in effect increases the annual rate from $3.00 to $3.60 on the 5,404,867 shares presently outstanding.

More Mortgage Funds With Rate Ceiling Off Than On

Continued from page 7

bol of sound fiscal policy and of good government.

A balanced budget works for a growing economy. It inspires confidence. It works against inflation.

If we are to continue to carry for an indefinite time the heavy burdens on the military and civilian fronts which the cold war makes essential, we must have an economy which will grow, which will be dynamic. We need people who understand that there is no substitute for hard work, careful planning and true saving. We will grow as a country only if we produce more than we consume and use our surplus to provide new sources of production. With assurance that the value of their dollars will be protected, people will be willing to work harder, save more, and invest more.

Saving is not easy. It requires that people deliberately deny themselves present benefits for greater future benefits. The large saving effort that will be called for to meet the new capital requirements of this decade needs the assistance of an environment conducive to saving. This means that the threat of inflation must be removed.

One of the best ways to restrain inflation is for the Government to retire debt in a period of economic expansion. Retiring debt has a wholesome effect in holding down interest rates, or actually lowering them, as occurred during the decade of the 1920s.

If we are realistic we must recognize that we will not achieve debt reduction on any substantial scale unless we can find wider public support for programs calling for reducing, or at least holding the line on, expenditures at the Federal Government level.

Now let me come to the question of managing our existing debt. From the point of view of the Treasury Department, the most important piece of business which Congress left unfinished upon adjournment last fall was granting to the Treasury the additional statutory authority necessary to manage our record Federal debt without adding to inflationary pressures.

In order effectively to do its job in handling the public debt, the President in June of last year asked Congress to removed the 4¼% interest rate ceiling on new issues of all Treasury bonds running more than five years to maturity. The Congress debated the matter but did not act, despite renewal of the President's request in August. On the 12th of January this year the President, for a third time, asked Congress for removal of the artificial interest ceiling, passed in 1918, which is restricting flexible debt management.

The House Ways and Means Committee reported favorably last Feb. 23 on a bill that does not completely eliminate the interest rate ceiling as the Administration has believed desirable. However, the bill would, at least in the period immediately ahead, permit the Treasury to accomplish the debt lengthening which is so essential in the national interest.

We cannot predict the course of the legislation through the House and Senate but we will continue to press vigorously for corrective legislation, preferably in the form originally submitted by the President.

Harmfulness of the Ceiling

I am going to restate some of the reasons why we think corrective legislation is so important.

Today the current pressure for funds by businesses, state and municipal governments, home builders, and other borrowers makes heavy demands on the volume of savings and, as we are all aware, has pushed up interest rates. The Treasury, because of the 4¼% ceiling, cannot sell new bonds of more than five years' maturity. It must, therefore, borrow wholly on short-term securities. Much of this borrowing is potentially inflationary; under current market conditions it is costly; it hurts consumers and small businesses; and it creates even greater debt management problems for the future.

Crowding all Treasury borrowing into the short-term market adds to inflationary pressures for two reasons. In the first place, a long-term bond is a true investment instrument, but a short-term Treasury security is only a few steps away from being money. It can be sold easily in the market, at or close to its maturity value, to obtain funds to spend for goods and services, or the holder can simply wait a few days or weeks until it matures, demand cash from the Treasury, and spend the proceeds.

From a purely technical standpoint, such sale or redemption does not increase the money supply as ordinarily defined but it has much the same effect. This is for the reason that the short-term securities are cashed by a holder who intends to put the proceeds to active use whereas the new buyer is using funds that otherwise would be idle.

Secondly, commercial banks make up a much larger part of the market for short-term Treasury securities than they do for long-term issues. When commercial banks buy securities they create new demand deposits in the process, and this, as we know, adds to the money supply. An expanding money supply, during a period when pressures on economic resources are intensifying, adds momentum to inflationary forces.

The handling of our $290 billion debt in an inflationary manner is bad enough, but that's not all. Sole reliance on short-term borrowing is costly today, because interest rates on most securities of less than five years' maturity are higher than those on longer-term issues. Every borrower in the under five-year range is penalized.

It is only common sense that the confinement of all borrowing to one segment of the market tends to drive up interest rates in that part of the market. The fact is that the short-term market is already overcrowded, reflecting the impact of heavy deficit financing, record credit demands on the part of consumers, small businesses, and other short-term borrowers. This overcrowding means that somebody is going to get

pinched, so long as the Treasury has to borrow exclusively on short-term issues.

In addition to being inflationary, costly, and unfair to private short-term borrowers such as consumers and small businesses, Treasury financing wholly in the short-term range can only add to future problems of debt management. Currently almost 80% of the marketable public debt matures within five years, and that total is growing. As more debt is piled into this area, future refundings of maturing issues will have to be undertaken more frequently and in greater amounts. As a result of doing all of our financing in the short area for the last year, the average term of the marketable debt is now reduced to four years and three months, the shortest in our history. The situation is comparable to one that might be faced by an individual with a mortgage on his home that matured every two or three years. He would be forced to refinance that mortgage, if he could, each time it came due, and under whatever conditions might be prevailing at that time. This certainly is not a desirable arrangement. However, that is the position the Treasury finds itself in.

Does Not Believe Removal Would Raise Rates

It has been alleged by some that the removal of the 4¼% ceiling would raise interest rates. We do not believe that this would be the case. Actually, the inflationary aspects of debt management policy under the present ceiling could, as time goes on, raise increasing apprehension both here and abroad as to the future value of the dollar. Nothing contributes so strongly to forcing interest rates upward as fear of inflation. Those investors who want to put their money in a savings account or invest in fixed-dollar obligations — rather than in stocks or real estate—will demand a higher interest rate to compensate for their expectation of a shrinking purchasing power of the future repayments of principal and interest.

In effect, we are seeing a renewal of the old conflict between the advocates of soft money and pegged interest rates versus those who stand solidly for sound money and flexible interest rates. In fact, if one reads the debates in the Congress on this issue, it is strangely reminiscent of the Populist program of the 1890s. It is not so much a criticism of Treasury debt management policies as it is a criticism of monetary policies as administered by the Federal Reserve. Much of that feeling in Congress arises from lack of understanding of what is admittedly a complex subject.

No one today is an outright advocate of printing press money. But there are many who unwittingly advocate what is in essence much the same thing. These people believe that the Federal Reserve System should return to the discredited and highly inflationary practice of supporting the prices of Government bonds — to keep interest rates down—in the same way that was done during and immediately after World War II. That policy was properly characterized as "an engine of inflation" and was wisely discontinued following the Treasury-Federal Reserve Accord of 1951. Every dollar that the Federal Reserve adds to its portfolio is a high-powered dollar, providing the basis for a $6 growth in the money supply. Such action would spawn the very inflation that ultimately shoots interest rates through the ceiling. Fear of inflation discourages investors from buying bonds; it encourages borrowers to seek credit. Thus, the demand for money rises and the supply is diminished. Interest rates go up.

There is another group in the Congress who would deliberately increase the money supply to lower interest rates and then undertake to control the inflationary effect by the government reestablishing selective controls on the use of credit—a very difficult thing to administer, small in scope, and of doubtful efficacy in peacetime. Once embarked on controls, it is difficult to stop short of a fully controlled economy.

Removal Would Aid Building Industry

I understand that some members of the home building industry have been opposed to removing the 4¼% ceiling because they have been under the impression that such removal would hurt the mortgage market. I believe that just the opposite is true. The home building industry has its own problems—not the least of them arises from the wide swings in the volume of construction. The ability of the Treasury to do its financing in an orderly and prudent manner will, over a period of time, contribute to greater stability in the home building industry by insuring a steadier flow of savings into it.

Time after time during the last few months leaders in the field of home financing — in mutual savings banks, commercial banks and savings and loan associations —have come to us with conclusive evidence that more harm is being done to the mortgage market today by large scale Treasury security offerings in the 1-to 5-year area than by selling bonds of longer term.

Mortgage funds come primarily from savings and loan associations, from mutual savings banks, and from savings deposits in the commercial banks—in fact, about two-thirds of the mortgage funds last year came from these three sources. These institutions secure their money for the most part from individuals as they save from current income.

Individuals earn no more than 3% on their savings accounts in commercial banks, since that is the maximum permitted by Federal regulation. They earn about 3½% on the average on their accounts in mutual savings banks. They earn a little more on savings and loan shares, but still probably less than 4% on the national average, even with the recent increases.

Therefore, when the ceiling forces the Treasury to crowd the short-term market and to pay as high as 5% to sell a 4- to 5-year note, as it did in October, this interest rate on a government security becomes a "magic" rate. It becomes front-page news and captures the buying interest of thousands of individuals who usually never think of such investments. Many such buyers are relatively unsophisticated investors who do not understand the characteristics of marketable securities. In many instances, they would be better off to leave their funds with savings institutions or in savings bonds where their money is available on predetermined terms.

If the Treasury could have put out longer term issues, the interest rate would have been well under 5% and less appealing to individuals who put their money in savings institutions. Furthermore, anyone who knows the psychology of the savings depositor knows that his interest in purchasing a marketable bond is generally in reverse ratio to the maturity of the bond. He likes to think he can get his money reasonably soon if he should want it.

The important fact is that much of the money to buy these high-yield marketable securities is raised by drawing savings out of the banks and savings and loan associations. The net result is an injury to the mortgage market substantially greater than the actual withdrawal of savings, since those institutions hesitate to make future commitments to buy mortgages until they can further appraise this continuing drain.

If, on the other hand, the Treasury had not been obliged to do all of its financing within the 5-year strait-jacket, some of the pressure could have been taken off the short-term market by doing a modest amount of cash borrowing and by refunding immediate maturities in the area beyond five years. This could have been done, I believe, at less than the rates we have had to pay on 1- to 5-year maturities, and the buyers largely would not have been individuals who drew money out of savings institutions at the expense of the mortgage market. Rather, an important part of the issue would more likely have been placed with public and private pension funds, foundations, and other types of long-term investors who are not major suppliers of funds to the mortgage market.

Concludes There Would Be More Funds Available

Furthermore, if the ceiling were removed, the Treasury would have tried to accomplish most of its debt extension both in the intermediate and long-term area through so-called advance refunding. The current flow of savings is not touched by advance refunding since an investor already holding a Government bond which through the lapse of time is shortening, merely exchanges it for a new one of longer maturity. As a result, the volume of longer-term issues for cash, or resulting from the refunding of maturing issues, would be relatively small. It is cash financing or refunding of maturing issues that causes major disturbance of the investment markets.

The home building industry is heavily dependent on the lifeblood of credit. I submit that there will be more mortgage credit available with the ceiling off than with it on. In addition, the cost of interim financing should be lower than otherwise. It seems rather obvious, therefore, that housing has much to gain from active support of the President's request for removal of the 4¼% interest rate ceiling.

Let me reiterate that it is our considered opinion, which is widely shared by people knowledgeable in this field, that the removal of the 4¼% ceiling on new issues of Treasury bonds, by permitting the Treasury to make a rational distribution of the debt across the maturity spectrum would actually work for lower—not higher — interest rates than would otherwise be the case.

Today, the American people, acting through the Congress, must make a decision. They can choose artificially low interest rates created by soft money, and accept the inflation that results as the night follows the day. The other choice, which I trust will be adopted, is to permit flexible interest rates, and thus fight inflation. The latter course, by avoiding booms and busts, will contribute to healthy, sustainable, and rewarding growth.

*An address by Mr. Baird before the Group Five Savings Banks Association of the State of New York, Brooklyn, N. Y., Feb. 26, 1960.

James With Nuveen in New Columbus Branch

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Russell C. James has become associated with John Nuveen & Co. as regional manager of their newly opened office in the Huntington Bank Building. Mr. James was formerly Columbus representative for First of Michigan Corporation and prior thereto was local manager for Baxter, Williams & Co.

Wayne R. Johns is associated with the new office as representative.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Tampa Electric Company

Tampa Electric is one of the popular Florida "growth utilities." It has been selling recently around 28 or at a multiple or more than 28 times earnings, despite the recent dilution resulting from the sale of stock early in February. The yardstick P-E ratio for the industry approximated 17 as of Feb. 24.

Tampa's growth record, with the figures adjusted for the 2-for-1 split last year and a 3-for-1 split in 1954, is indicated by the following figures covering the past decade:

Year	Rev. (Mill.)	Share Earns.	Div. Paid	Approximate Range High		Low
1959	$36	$ .98	*$ .60	30	—	21
1958	32	.89	.60	23	—	17
1957	30	.83	.60	17	—	14
1956	26	.83	.52½	18	—	12
1955	21	.69	.50	16	—	12
1954	20	.69	.35	13	—	9
1953	17	.59	.43½	8	—	7
1952	15	.54	.40	8	—	6
1951	13	.49	.40	7	—	6
1950	11	.57	.40	6	—	5
1949	10	.50	.32½	6	—	4

*Present rate 72 cents.

President MacInnes, in a recent talk before the New York Society of Security Analysts, forecast earnings of $1.20 for 1960.

Florida has been growing four times as fast as the rest of the country; since 1950 its population has increased 72% compared with 17% for the U. S. as a whole. Industrial employment has doubled, and agricultural, mining and tourist activity have increased considerably. The tourist industry enjoyed its greatest year in 1959, attracting between 10 and 11 million visitors. Tampa Electric is confident that growth will continue at the same rate for the next decade.

The company's area covers 1700 square miles on the west coast of Florida with a population of over half a million. It includes Tampa, Port Tampa, Plant City, Dade City, Winter Haven, Mulberry, Auburndale and Lake Alfred. Important industries are phosphate mining and processing, citrus processing (packing, canning and concentrating), brewing of ale and beer, cigar manufacturing, steel production, steel and aluminum fabricating and cement manufacturing. Other activities are growing of citrus fruits and vegetables, cattle raising, dairying, lumbering and fishing. Currently, some one-third of the world's supply of phosphate is being mined in the company's area, and the phosphate deposits are probably large enough to last 300 more years at the present rate of usage. The Winter Haven and Dade City areas are two major centers of Florida's billion dollar citrus industry; and strawberries, tomatoes, etc. are grown in winter months for consumption in the north.

Tampa's position seems secure as the major port and distributing center on the west coast. The 10 airlines at International Airport handled a million passengers last year, and the port is now being enlarged for increased jet plane traffic. Tampa's 34-foot water port is Florida's largest, and customs receipts have doubled in the past decade. A new interstate expressway connects Tampa with other cities.

Tampa is also a center for industrial activity. In the past five years nearly 150 industries and large commercial establishments have been added, and $186 million has been invested in new plants and expansions. Building permits in 1959 were over $100 million for the Greater Tampa area—an increase of 11% over 1958, and four times that of 1949. Major expansions are planned by companies using phosphates, and other companies building new plants include Thatcher Glass, Continental Can, Florida Portland Cement, Florida Nitrogen, Air Reduction, etc. Large new industries in the area which contributed to the 20% increase in industrial sales last year were Joseph Schlitz Brewing Company, Anheuser-Busch, Inc. and Florida Steel Corporation.

Tampa Electric spent $23 million on construction last year and has scheduled $24 million for this year and an average of $30 million or more annually over the next five years. In addition to continued industrial expansion, Tampa Electric expects its residential and commercial sales to expand rapidly because of continued promotion of electric heating and cooling on a big scale. Last year 839 heat pumps were installed and the company now has 2400 central heat pump systems and 5300 window-type heat pumps on its lines.

While the company enjoys fuel adjustment clauses in all rates, nevertheless it has made a careful study of oil, coal and gas to determine the cheapest fuel. It burns oil at two plants and has a very good 10-year contract with Gulf Oil, but about two-thirds of its generation now is provided by coal; in partnership with others, it transports coal down the Mississippi River and across the Gulf. It has reduced fuel costs by these methods—kwh cost was .387¢ last year compared with .435¢ in the previous year, a reduction of 11% which savings are largely passed on to customers.

The company's earnings were somewhat on the low side in 1957-58—only 5.5% on year-end net property account, according to Standard & Poor's — and the company sought higher rates. An increase was granted Nov. 1, 1958 (being fully reflected in 1959 earnings) and another became effective Sept. 21, 1959, amounting to about 15 cents per share annually. The commission estimated that the latest increase would bring rate of return up to 6.5% (on the rate base used by them). Earlier the commission had allowed a rate of return of 6.98% for Florida Power & Light in connection with a rate case, plus an indicated one-half per cent "leeway" before rates were likely to be reduced. Tampa Electric is hopeful that it can earn better than 6.5% through operating economies and load growth. While the regulatory climate seems to remain quite favorable, a new man was recently appointed to succeed Commissioner Boyd and an election for Governor occurs next fall.

Money and Capital Market Outlook for Rest of Year

Continued from page 1

adequately taken into account, so that the moderate decline in longer-term rates may persist?

Some Perspective on Interest Rates in 1958-1959

In order to obtain a better understanding of the forces likely to influence the money and capital markets in the remainder of 1960, it will be helpful to review the sources and uses of loanable funds in 1959. I have distributed several tables, and if you will turn your attention to Table 1, we shall consider the sources and uses of loanable funds in 1959, with the 1958 figures presented also for comparative purposes. The figures for 1959 are still preliminary and subject to some revision. I should perhaps explain that these figures are net new money figures and do not include repayments. For example, in the case of life insurance companies, the data include the net additional funds available for investment and do not include funds obtained from sources such as amortization or other repayment of mortgages. Similarly, in the figures for the uses of funds, the data show net changes in amount outstanding. For example, the data on 1-4 family mortgages measure the increase in the net amount outstanding.

Table I shows, of course, that total estimated sources and uses of funds increased to $58.7 billion in 1959, or $14.5 billion more than $44.2 billion in 1958. What were the differences in the component items in the two years?

As will be seen, the life insurance companies experienced a moderate increase of $200 million in net available funds in 1959, as compared with 1958. Savings and loan associations had another spectacular burst of growth last year, with their available funds increasing by $2 billion more than in 1958. Their total includes not only the growth in saving and loan shares; it also includes funds obtained from net advances by the Home Loan Bank System, which amounted to $836 million last year. As is well known, 1959 was a difficult year for the mutual savings banks, and their net available funds were $1 billion less last year than they were in 1958. This was partly the result of the drain of the "magic fives" issued by the U. S. Treasury. It was also the product of the stiff competition which the mutual savings banks received from the savings and loan associations with regard to dividend payments. Perhaps it was also the product of the inflation and fear of inflation and hence the popularity last year of the common stock market. Corporate uninsured pension funds had a $600 million increase in investible funds over 1958, reflecting rising employment and contributions.

Coming to the commercial banks, we see a big difference. The net amount of funds they put into the market last year, $3.5 billion, was $11.7 billion less than the $15.2 billion expansion of their loans and investments in 1958. Here is a large part of the explanation for the greater tightness in the money and capital markets in 1959 as compared with 1958. There is little need to explain to this audience that the abrupt change resulted from the difference in Federal Reserve policy in the two years. Quickly in 1958, with the onset of business recession, the reserve position of member banks was permitted by the authorities to move to net **free** reserves of about $500 million and was maintained at this level through August. The reserves of member banks were then restricted somewhat by the monetary authorities, and by the end of 1958 the banks had moved into a small net borrowed reserve position as the screws of credit restraint were tightened. By Spring of 1959 the net **borrowed** reserves of the banks reached the $500 million range which has been maintained until quite recently, when the target seems to have been lowered to $400 million.

Measures Effectiveness of Monetary Policy

The effect of Federal Reserve policy may be seen by referring to Table II and III. Table III shows that in 1959 commercial banks added only $100 million to their holdings of state and local government securities, whereas in 1958 (as shown in Table II), they increased their holdings of such securities by $2.6 billion. Note the tremendous shift that occurred in the case of U. S. Government securities. Faced with the need to raise funds to increase their business and consumer loans, as the Federal Reserve restricted reserves, the banks **reduced** their holdings of U. S. Governments in 1959 by $8 billion. In 1958, equipped with ready reserves, the banks **added** $8.1 billion to their holdings of Governments. This was an enormous swing over a two-year period. The year 1959 was a comparatively big mortgage loan for commercial banks, with 1-4 family mortgage holdings rising an estimated $1.4 billion and other mortgages $1.1 billion. As business conditions improved, commercial and industrial loans rose by $4.9 billion in 1959, as compared with a decline of $100 million in 1958. Moreover, consumer credit extended by banks rose by $2.4 billion in 1959, as compared with $200 million in the previous year. In sum, as the result of restrictive monetary policy, the total increase in loans and investments of banks was around $12 billion less in 1959 as compared with 1958. The substantial increase of commercial and industrial loans and consumer credit last year, despite a tight reserve position, was made possible by a heavy liquidation of holdings of U. S. Government securities.

Also, referring again to Table I, as a reflection of Federal Reserve policy, the open market purchases of Government securities by Federal Reserve Banks were only $300 million last year, a sharp drop from the $2.1 billion added to Federal Reserve holdings in 1958.

In the case of state and local government funds, there was an estimated increase of $200 million more in available funds last year than in 1958. The Federal trust accounts, such as the Old Age and Survivors Insurance Fund and the National Service Life Insurance Fund, on balance liquidated some of their holdings of Government securities last year, as was the case in 1958. The Federal loan agencies, such as FNMA and the Federal Land Banks, put a substantially greater amount of funds into the market last year — $2.4 billion as compared with $600 million in 1958. Most of this was, of course, FNMA purchases of 1-4 family mortgages. Fire and casualty insurance companies showed a modest increase last year, as compared with 1958.

Role of Corporations and Foreigners

There has been much discussion of the greater role played by corporations in the loanable funds markets in 1959, and the tables bear this out. As shown in Table I, corporations increased their loans and investments by an estimated $12.1 billion last year as compared with $5.0 billion in 1958, or a rise of $7.1 billion. The explanation is, of course, the rapid improvement of corporate profits as business activity steadily improved last year until interrupted by the steel strike. As can be seen from Table II and III, corporations increased their holdings of Government securities by an estimated $5.0 billion last year, as compared with $1.0 billion in 1958. The net extension of business credit by corporations in 1959 was substantially less than in 1958, but the net increase in consumer credit extended by corporations rose to an estimated $2.9 billion, as compared with a net liquidation of

TABLE II

SOURCES AND USES OF FUNDS IN THE CAPITAL MARKET IN 1958
(In billions of dollars)

SOURCES OF FUNDS—	Securities					Mortgages		Loans and Credit			Total
	Corp. Bonds	Corp. Stocks	State & Local	U. S. Govt.	Federal Agency	1-4 Family	Other	Business Credit	Consumer Credit	All Other	Sources of Funds
Savings Institutions:											
Life Insurance Companies	2.2	0.1	0.3	0.2	*	0.9	0.9	--	--	0.3	4.9
Savings & Loan Assoc.	--	--	--	0.6	*	4.9	0.7	--	--	--	6.2
Mutual Savings Banks	0.6	0.1	*	—0.3	*	1.5	0.6	--	--	0.1	2.5
Corporate Pension Funds	1.3	1.3	--	*	*	0.1	--	--	--	--	2.7
Total	4.1	1.5	0.3	0.5	—0.1	7.4	2.2	--	--	0.4	16.4
Banking System:											
Commercial Banks	—0.1	--	2.6	8.1	0.1	1.3	0.9	—0.1	0.2	2.3	15.2
Federal Reserve Banks	--	--	--	2.1	--	--	--	--	--	--	2.1
Total	—0.1	--	2.6	10.2	0.1	1.3	0.9	—0.1	0.2	2.3	17.4
Government Institutions:											
State and Local Funds	1.6	--	0.5	0.3	*	0.1	0.1	--	--	--	2.6
U. S. Investment Accounts	--	--	--	—0.9	*	--	--	--	--	--	—0.9
Federal Loan Agencies	--	--	0.2	*	*	*	0.3	--	--	--	0.6
Total	1.6	--	0.7	—0.5	*	0.1	0.4	--	--	--	2.2
All Other Investors:											
Corporations	--	--	--	1.0	—0.2	--	--	4.5	—0.3	--	5.0
Fire & Casualty Cos.	0.1	0.1	0.7	—0.1	*	--	*	--	--	--	0.9
Foreigners	*	—0.1	--	*	--	--	--	--	--	--	*
Individuals and Others	0.2	0.6	1.5	—3.1	—0.3	1.3	1.8	--	0.4	--	2.3
Total	0.3	0.6	2.3	—2.1	—0.5	1.3	1.8	4.5	0.1	--	8.2
Total Uses of Funds	6.0	2.1	5.9	8.0	—0.5	10.1	5.2	4.4	0.3	2.7	44.2

*Less than $50 million.
NOTE: Because of rounding components may not add to totals shown.

TABLE III

SOURCES AND USES OF FUNDS IN THE CAPITAL MARKET IN 1959
(In billions of dollars)

SOURCES OF FUNDS—	Securities					Mortgages		Loans and Credit			Total
	Corp. Bonds	Corp. Stocks	State & Local	U. S. Govt.	Federal Agency	1-4 Family	Other	Business Credit	Consumer Credit	All Other	Sources of Funds
Savings Institutions:											
Life Insurance Companies	2.0	0.2	0.5	—0.3	0.1	1.2	1.0	--	--	0.4	5.1
Savings & Loan Assoc.	--	--	--	0.7	*	6.8	0.7	--	--	--	8.2
Mutual Savings Banks	—0.1	*	*	—0.3	*	1.2	0.6	--	--	0.1	1.5
Corporate Pension Funds	1.2	1.5	--	0.3	0.1	0.1	0.1	--	--	--	3.3
Total	3.1	1.7	0.5	0.4	0.2	9.3	2.4	--	--	0.5	18.1
Banking System:											
Commercial Banks	—0.1	--	0.1	—8.0	—0.2	1.4	1.1	4.9	2.4	1.9	3.5
Federal Reserve Banks	--	--	--	0.3	--	--	--	--	--	--	0.3
Total	—0.1	--	0.1	—7.7	—0.2	1.4	1.1	4.9	2.4	1.9	3.8
Government Institutions:											
State and Local Funds	1.0	--	0.5	0.8	0.1	0.3	0.1	--	--	--	2.8
U. S. Investment Accounts	--	--	--	—0.7	*	--	--	--	--	--	—0.7
Federal Loan Agencies	--	--	0.2	*	*	1.9	0.3	--	--	--	2.4
Total	1.0	--	0.7	0.1	0.1	2.2	0.4	--	--	--	4.5
All Other Investors:											
Corporations	--	--	--	5.0	0.4	--	--	3.8	2.9	--	12.1
Fire & Casualty Cos.	*	0.2	0.8	0.2	*	--	*	--	--	--	1.2
Foreigners	*	0.3	--	4.0	--	--	--	--	--	--	4.3
Individuals and Others	0.4	*	3.4	5.9	1.7	0.7	1.6	--	1.0	--	14.7
Total	0.3	0.5	4.2	15.1	2.1	0.6	1.6	3.8	3.9	--	32.3
Total Uses of Funds	4.4	2.2	5.5	7.9	2.2	13.6	5.5	8.7	6.3	2.4	58.7

*Less than $50 million.
NOTE: Because of rounding, components may not add to totals shown. Data are adjusted to exclude Alaska and Hawaii.

TABLE I

SOURCES AND USES OF FUNDS IN THE CAPITAL MARKET
(In billions of dollars)

Sources of Funds—	1958	1959	Change
Life Insurance Companies	4.9	5.1	+ 0.2
Savings & Loan Associations	6.2	8.2	+ 2.0
Mutual Savings Banks	2.5	1.5	— 1.0
Corporate Pension Funds	2.7	3.3	+ 0.6
Commercial Banks	15.2	3.5	—11.7
Federal Reserve Banks	2.1	0.3	— 1.8
State and Local Funds	2.6	2.8	+ 0.2
U. S. Investment Accounts	—0.9	—0.7	+ 0.2
Federal Loan Agencies	0.6	2.4	+ 1.8
Corporations	5.0	12.1	+ 7.1
Fire and Casualty Companies	0.9	1.2	+ 0.3
Foreigners	*	4.3	+ 4.3
Individuals and Others	2.3	14.7	+12.4
Total Sources	44.2	58.7	+14.5
Uses of Funds—			
Corporate Bonds	6.0	4.4	— 1.6
Corporate Stocks	2.1	2.2	+ 0.1
State & Local Government Issues	5.9	5.5	— 0.4
U. S. Government Issues	8.0	7.9	— 0.1
Federal Agency Issues	—0.5	2.2	+ 2.7
Mortgages: 1-4 Family Mortgages	10.1	13.6	+ 3.5
Other Mortgages	5.2	5.5	+ 0.3
Business Credit	4.4	8.7	+ 4.3
Consumer Credit	0.3	6.3	+ 6.0
All Other Credit	2.7	2.4	— 0.3
Total Uses	44.2	58.7	+14.5

*Less than $50 million.
NOTE—Because of rounding, components may not add to totals shown.

$300 million in 1958. The question may well be raised as to how high rates on shorter-term Government securities might have gone last year had it not been for the heavy purchases by corporations which aided immeasurably to offset liquidation of Governments by commercial banks.

The net increase in availability of funds from foreigners was a startling figure in 1959. As shown in Table I, it amounted to an estimated $4.3 billion, as compared with less than $50 million in 1958. As shown in Table III, most of these funds were invested in U. S. Government securities and thus contributed much to aiding the Treasury in meeting its financing problems. The increase of foreigners' investments was, of course, a reflection of our adverse balance of payments under which foreigners were able to build up their balances here. Comparatively high interest rates on shorter-term U. S. Government securities attracted these funds, which otherwise might have been withdrawn and thus have led to a larger outflow of gold. The substantial foreigners' investments in the United States last year points up the increased significance of the need to manage the financial affairs of the U. S. Government to inspire confidence in the stability of the value of the dollar abroad, as well as at home.

The final item included in sources of funds in Table I is "individuals and others." This includes not only individuals but also unincorporated business and other miscellaneous sources. It is also the repository of all the statistical shortcomings in these accounts. As shown in Table I, individuals and others, as might have been expected in a period of strong business recovery, greatly increased the net amount of funds made available in the markets, the figure rising from $2.3 billion in 1958 to an estimated $14.7 billion in 1959. Tables II and III show the principal differences in the two years. It is noteworthy that individuals' and others' holdings of U. S. Government securities rose an estimated $5.9 billion last year, as compared with a net liquidation of $3.1 billion in 1958. Similarly, their holdings of Federal agency securities rose an estimated $1.7 billion in 1959, as compared with a net liquidation of $300 million in 1958. Their holdings of state and local securities also increased at a much greater rate last year than in 1958.

Uses Capital Was Put To

Turning now to the uses of loanable funds in Table I, it is significant that, despite the general business recovery in 1959, the outstanding volume of corporate bonds increased only $4.4 billion last year, as compared with $6 billion in 1958. This was the product of a number of forces such as the great increase in corporate profits which lessened the need to sell bonds, the comparatively high level of long-term interest rates which discouraged the funding of short-term borrowing, and the slowness of corporations to expand their plant and equipment spending in 1959 because of great productive capacity built in 1956-1957, as well as the depressing influence of the steel strike. The net increase of corporate stocks outstanding was only slightly higher in 1959 as compared with 1958.

Despite a hefty estimated increase of $5.5 billion in outstanding state and local government bonds in 1959, the figure was $400 million below the increase of $5.9 billion in 1958. The great importance of the Federal Government as a user of loanable funds last year is shown by the fact that it drained the markets of almost $8 billion, about the same as in 1958. Both of these figures are the legacy of the huge budget deficit brought about during the business recession of late 1957 and the first half of 1958. Moreover, these figures on the net use of funds by the Federal Government fall short of telling the full story of the pressures exerted in the markets by Federal financing, for they do not provide any measure of the refinancing which the Treasury has had to do with $80 billion of its debt now coming due in one year or less.

Federal agencies also sharply increased their demands on the money and capital markets last year, with the net new demand rising to $2.2 billion as compared with a repayment of $500 million of debt in 1958. The Federal agencies include FNMA, the Home Loan Banks, and similar agencies.

The use of capital funds for the financing of 1-4 family mortgages last year was $13.6 billion, the largest increase in residential mortgage debt in any year in history. This was $3.5 billion more than in 1958. Other mortgages showed an increased use of funds in 1959 over 1958, with the rise coming mainly in the farm mortgage field.

As might be expected in a business recovery period, the extension of business credit increased sharply in 1959 to $8.7 billion, as compared with $4.4 billion in 1958. These figures include not only bank loans to business but also trade credit by business concerns.

Table I also shows the sharp rise in consumer credit which took place last year—$6.3 billion—as compared with a net increase of only $300 million in 1958. Finally, "all other loans" such as loans on securities, increased $200 million less last year than in 1958.

TABLE IV

SOURCES AND USES OF FUNDS IN THE CAPITAL MARKET

(In billions of dollars)

	1959	"Guesstimate" 1960	Change
Sources of Funds—			
Life Insurance Companies	5.1	5.3	+ 0.2
Savings & Loan Associations	8.2	7.2	— 1.0
Mutual Savings Banks	1.5	1.5	--
Corporate Pension Funds	3.3	3.6	+ 0.3
Commercial Banks	3.5	5.5	+ 2.0
Federal Reserve Banks	0.3	0.5	+ 0.2
State and Local Funds	2.8	3.0	+ 0.2
U. S. Investment Accounts	—0.7	0.5	+ 1.2
Federal Loan Agencies	2.4	1.9	— 0.5
Corporations	12.1	5.0	— 7.1
Fire and Casualty Companies	1.2	1.2	--
Foreigners	4.3	1.1	— 3.2
Individuals and Others	14.7	10.5	— 4.2
Total Sources	58.7	46.8	—11.9
Uses of Funds—			
Corporate Bonds	4.4	5.5	+ 1.1
Corporate Stocks	2.2	2.2	--
State & Local Government Issues	5.5	5.6	+ 0.1
U. S. Government Issues	7.9	—2.0	— 9.9
Federal Agency Issues	2.2	1.0	— 1.2
Mortgages: 1-4 Family Mortgages	13.6	12.0	— 1.6
Other Mortgages	5.5	5.0	— 0.5
Business Credit	8.7	9.5	+ 0.8
Consumer Credit	6.3	6.0	— 0.3
All Other Credit	2.4	2.0	— 0.4
Total Uses	58.7	46.8	—11.9

The review which we have made of sources and uses of loanable funds in 1959, as compared with 1958, indicates that interest rates rose for the following reasons: (1) Heavy demands for loanable funds tended to exceed the available supplies; and (2) the monetary authorities were required to restrict the availability of bank credit, and hence the money supply, in order to avoid a resurgence of inflation. With the aid of this background on developments in 1959, let us now turn to the prospects for the remainder of 1960.

The Money and Capital Market Outlook for the Remainder Of 1960

As is always the case, the outlook for the money and capital markets depends basically upon the general business outlook. Accordingly, let us first appraise the business outlook for the remainder of this year.

In the final quarter of 1959, after the settlement of the steel strike, the Gross National Product rose to an annual rate of $483.5 billion, just below the earlier peak it had reached in the second quarter. The Federal Reserve Board index of industrial production, on the revised basis, rose three points in January to an all-time high of 112.

There are a number of forces which should push our national economy ahead to new highs in 1960. One of the strongest factors in the recovery from the recession of late 1957 and early 1958 was the buildup of business inventories. The inventory picture swung from liquidation of inventories at an annual rate of nearly $7 billion in the first quarter of 1958 to an annual rate of accumulation of over $6 billion in the first quarter of 1959 and $10.7 billion in the second quarter of last year. In the third quarter of the year inventories were again liquidated at an annual rate of $1 billion—the result, of course, of the steel strike and attendant uncertainties. This was again reversed in the fourth quarter, and inventories were being built up at a $3 billion annual rate. Although the further buildup of inventories has been already developing, I believe that as we move along into the Spring and Summer there will be an acceleration in the building of inventories, which will not only stimulate the economy but will also expand the demand for credit.

Consumer and Capital Spending Rise

Personal consumption expenditures have risen steadily in recent years, and I fully expect another substantial increase this year. Recent consumer surveys indicate that this should be an excellent year for durable goods. Despite the comparatively slow start in automobile sales, which has caused some downward adjustment of the early expectation of a seven million car-sale year, the consumer surveys suggest that there will be a spurt in car sales in coming weeks. Perhaps we were carried away with enthusiasm for the smaller cars, but it still seems a good bet that this will be a banner year for the automobile industry. The further strain on the supply of consumer credit which this suggests is clear.

So far as expenditures by business and industry to build new plant and equipment are concerned, the SEC-Department of Commerce estimates that they will show a modest rise to an annual rate of about $34½ billion in the first quarter of this year. The SEC-Commerce Survey, as well as other surveys conducted by McGraw-Hill and the National Industrial Conference Board, indicate that for 1960 as a whole business and industrial expenditures for plant and equipment may be expected to rise to about $37 billion, or an increase of about 10%. Past experience indicates that this estimate is likely to be on the low side.

At the beginning of the year there was widespread agreement that residential construction is likely to decline this year 10-15% from the level of 1,378,000 starts in 1959. Some analysts were pessimistic enough to believe that reduction in available mortgage financing would carry the level of starts to little more than one million. The belief was that industrial and commercial financing would attract funds away from residential mortgage financing and thus force a cutback in housing. This forecast may still turn out to be correct, but I have a hunch that housing may not fall below the 1,250,000 level this year. The reason is, as I shall indicate presently, that thus far industrial and commercial financing do not seem to be draining funds from the residential mortgage market.

Despite the talk about economy in Government spending, I believe that the total of Federal, state and local government purchases of goods and services will continue this year the steady rise which has been characteristic of recent years. This will be especially true of state and local government purchases. The impact of total government (Federal, state and local) purchases of goods and services is shown by the fact that in the fourth quarter of 1959 they reached a total of nearly $100 billion.

Offers Bullish GNP Forecast

It is clear, therefore, that I am fairly bullish about general business activity in the remainder of this year. My guess is that by the third or fourth quarter of 1960 GNP will have risen about 10% to an annual rate of about $525 billion. For the year as a whole GNP will probably be around $510 billion, as compared with the figure of $479.5 billion last year. In this type of economy we shall obviously have high employment of our resources and there will undoubtedly tend to be upward pressures on the general price level even though prices show no significant change. Under the circumstances, the Federal Reserve authorities will be required to keep a rein on the availability of credit.

What, then, are the implications of the general business outlook for the money and capital market, and particularly the mortgage market? Perhaps the easiest way to explain my views is to refer to Table IV which shows a "guesstimate" of sources and uses of funds this year, as compared with 1959. The one thing we can be certain about the 1960 figures is that they will be considerably different a year hence when we have actual data. However, these rough "guesstimates" will serve to illustrate my thinking about the outlook.

Starting with uses of funds, we anticipate an increase of $5.5 billion in corporate bonds outstanding in 1960, or about $1 billion more than in 1959. This is based on the expectation that corporate spending will rise significantly this year, but corporations will be able to finance much of this out of retained earnings and the liquidation of short-term Government securities. We have placed the net increase in corporate stocks outstanding ($2.2 billion) at the same figure as in 1959 on the grounds that the low cost of stock financing in the past two years has not seemed to have much influence toward stock financing.

As shown in Table IV, the net increase in state and local government issues is placed at just about the same level as in 1959. This figure may turn out to be somewhat low, but it still implies an historically high level of state and local government capital spending.

The figure for the use of funds by the Federal Government is highly important. The negative figure of $2 billion means that according to budget estimates, the U. S. Treasury in this calendar year will have a cash surplus of about $2 billion and will be able to pay off this amount of its debt. In other words, instead of draining nearly $8 billion from the capital markets, as was the case in 1959, the Treasury will actually supply about $2 billion to the market as it retires debt. This assumes, of course, that the Federal budget estimates prove to be correct. Here we have a huge swing of nearly $10 billion in the Treasury's position from a heavy borrower to a small supplier of capital funds.

On the surface, this development could be a powerful force toward providing a measure of ease in the capital markets. As is well known, the Treasury's surplus will be seasonal in nature. During the first half of 1960 the Treasury can be expected to run a cash surplus of several billion dollars, so that it will be retiring that amount of debt in this period. Many observers are counting on this to create a measure of ease in the money and capital markets in the next few months. However, this hope may turn out to be a rather empty one. Business corporations today hold several billion dollars of short-term Government securities in excess of their expected tax liabilites, and some part of these holdings will undoubtedly be liquidated to raise the funds to finance inventories and plant and equipment. Thus, to some extent the Treasury cash surplus in the first half of this year may be offset by the flow of Government securities being made available in the market by corporations. In the second half of the year, moreover, the Treasury will again be a net borrower on a seasonal basis. Accordingly, it is still not very clear that the Federal surplus can be counted on to provide much credit relief.

The Mortgage Lenders

Proceeding along with Table IV, we are anticipating that the outstanding securities issues of Federal agencies, such as FNMA, the Home Loan Banking System, and the Federal Land Banks, will increase about $1 billion this year, considerably below the $2.2 billion figure in 1959. Assumed here is no substantial new authorization for FNMA and a cutback in Home Loan Bank borrowing.

Coming to the figure on 1-4 family mortgages, we are guessing that the net increase this year will run around $12 billion, or only $1.6 billion below the record total of last year. This figure might seem too high, but I think it is realistic. For one thing, even though fewer houses are built this year, the average size of home mortgage loan is likely to continue an uptrend. More important, however, it now appears that the competition for capital funds by other users of capital, notably business corporations, is not as keen as anticipated a few months ago. It may very well be that as the months go by the demand for capital funds by business corporations at attractive rates will drain funds away from residential mortgages, especially Government-insured and guaranteed mortgages, but at the present time there is evidence that the yield available on FHA mortgages, as well as conventionals, is attracting a healthy flow of funds. My own guess is that the pressure of demand from corporate borrowers will not develop rapidly, or build up to an unusually large total, so that I believe residential mort-

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Money and Capital Market Outlook for Rest of Year

Continued from page 27

gage financing will be somewhat more readily available in coming months than was believed possible late last year. At the same time, I do not expect to see any softening of home mortgage yields because I believe that there will be a fully adequate demand to absorb the funds which will be available.

As shown in Table IV, we expect that the use of funds in other than 1-4 family mortgages will be around $5 billion this year, slightly below last. The total business credit is expected, in our thinking, to rise around $9.5 billion, or slightly more than last year. This rise of business credit, which consists of credit extended by commercial banks to business, as well as trade credit extended by one business concern to another, is based on the expectation of a substantial rise in business inventories, in addition to the general rise of business activity. The increase in consumer credit of $6 billion, a little less than in 1959, assumes a very good year for consumer durables, including automobiles, as mentioned earlier. New extensions of consumer loans will be much larger than $6 billion, but a rising tide of repayments is likely to hold down the net use of credit in this field. "All other credit," covering miscellaneous uses of funds such as stock market credit, is expected to decline by $400 million.

Life Insurance and Commercial Banks

Turning to the sources of loanable funds in Table IV, we expect a modest increase in the available investment funds of life insurance companies. The net new money available from savings and loan associations is reduced $1 billion on the assumption that there will not be any further expansion of borrowing from the Federal Home Loan Banks this year. We believe that the mutual savings banks will be affected by the same forces this year as last, and their figure is held at $1.5 billion. The modest rise in corporate pension fund money is based on the growth trend in the past plus rising employment.

The figure of $5.5 billion of funds available from the commercial banks is based on the expectation that liquidation of government securities by the commercial banks will be lower, and that likewise the expansion of commercial loans will be lower. As can be seen in the comparatively modest increase in available funds from Federal Reserve Banks—growing out of open market purchases of Government securities by the Federal Reserve—we are assuming a continuation of a restrictive credit policy by the monetary authorities as general business activity rises to very high levels.

As you will see, we are expecting a moderate increase in the money available from state and local funds. Moreover, due largely to a better performance of the OASI fund, we expect that the U. S. investment accounts will produce $500 million of net new money this year. The figure for Federal loan agencies is reduced by $500 million due to a lower expected volume of activity by the Home Loan Banks and other agencies.

The figure for corporations as a source of funds has been reduced to $5 billion, or $7.1 billion lower than in 1959. This lower figure is in line with earlier years. It seems logical to expect that corporations will have fewer funds available for open market investment this year in view of the probable buildup of inventories and the rise of spending for plant and equipment.

Little more needs to be said about the remaining sources of funds. The figure for funds made available by foreigners is reduced to take account mainly of an improved balance of payments with other countries. Finally, we expect a fairly substantial decline in funds made available by individuals, as consumer spending rises.

Significance of Treasury Surplus

The total of $46.8 billion for uses and sources of funds in 1960, compared with the $58.7 billion in 1959, might suggest some material easing in the pressures of demand upon the available funds. However, it is apparent that nearly $10 billion of the difference of $11.9 billion between the two years is accounted for by the swing of the U. S. Government from a net borrower of $7.9 billion in 1959 to a repayer of $2 billion of its debt in 1960. As noted earlier, it remains to be seen how effective this changed position of the U. S. Treasury will be toward easier credit due to the prospect that corporations will very likely make several billion dollars of short-term Government securities available in the market to finance inventories and new plant and equipment.

There are, in addition, several forces not apparent in the sources and uses estimates which will nonetheless have an important bearing upon the degree of ease or tightness in the money and capital markets in the remainder of this year. For one thing, institutional investors started the year with substantial backlogs of forward commitments to make loans and investments. Thus, a substantial portion of their cash flow this year has already been committed. Moreover, many of these same institutional investors have been experiencing some reduction in their cash flow. In the case of the commercial banks, there is some evidence that, regardless of reserves, some banks may be required to slow up on their loan expansion in order to preserve sound ratios of risk to non-risk earning assets.

Moreover, there is evidence that if longer-term ratios should decline there are substantial borrowers in the wings ready to take advantage of available funds. An example of this is the recent large financing done in the U. S. market by the World Bank. Another example is the financing by state and local government units which has been postponed because rates were regarded as too high. The prime example of this is the U. S. Treasury which would welcome the opportunity to issue at least small amounts of longer-term bonds if it were not prevented from doing this by the 4¼% interest ceiling. As you know, the Ways and Means Committee of the House of Representatives recently approved a plan for giving the Treasury the power to sell a limited amount of long-term bonds at rates above 4¼%.

Further, there is now an increasing possibility that the U. S. Treasury will be given the authority by Congress to carry out advance refunding of outstanding Federal debt without regard to the 4¼% ceiling. To the extent the Treasury had this much needed authority, and employed it, there would be a reduction in the supply of securities in the 1-5 year maturity range, and an increase in the longer-term issues. Thus, advance refunding would tend to lower short-term interest rates and to raise longer rates.

Important Attitude of the Public

Finally, there is one very powerful force which should aid to hold down any further rise in the general level of interest rates. This is the developing confidence upon the part of the public that inflation has been brought under control. This confidence is inspired by the determination of the Federal Reserve authorities to avoid an inflationary expansion of the supply of money, and by the vigor displayed by the Government in achieving a Federal budget surplus. There is no doubt in my mind that inflation has been a powerful force toward higher interest rates in the postwar period. This is because, as prices rise, the higher cost of building industrial plant and equipment, houses, and other capital goods, inflates the demands for capital funds. More important, when investors come to expect a decline in the value of the dollar, they demand higher interest rates to compensate for the anticipated reduction in the value of the dollar, or they shift their funds away from fixed-income obligations into common stocks and equities in general. Accordingly an end to inflation, and the fear of inflation, will in itself be a strong force toward holding down further increases in interest rates and in bringing greater ease to the capital markets.

One remaining uncertainty about the stability in the value of the dollar is caused by the interest ceiling on longer-term Treasury issues. The fact that the Treasury is prevented from issuing longer-term securities, and is required to do all its financing in short-term, "near-money" issues, has caused great concern in the mind of the general public about the danger of further inflation. If the Treasury were given authority to sell some longer-term bonds, and to engage in advance refunding, without being hamstrung by an interest ceiling, this in itself would not cause interest rates to rise further, as some have contended. Actually, because it would remove a powerful source of worry about further inroads in the value of the dollar, it would contribute to a lower general level of interest rates. In my opinion, all who desire to see an end to rising interest rates should support the efforts of the U. S. Treasury to regain the right to manage the Federal debt and to carry out its financing in the soundest possible way, which means that the restriction of the interest ceiling should be eliminated. I am hopeful that the Congress will take action along the lines of the Ways and Means Committee plan.

What then, can we conclude about the outlook for the money and capital markets in the remainder of this year? I believe that due to the pressures of demand for funds, interest rates generally will remain firm at around present levels. I do not expect that rates will show much further tendency to rise, and, indeed, if we continue to combat inflation successfully they seem certain to stabilize at present levels. So far as the residential mortgage market is concerned, it seems likely that mortgage money will be more readily available this year than anticipated at the end of last year, but it does not seem likely that mortgage rates will show any decline because the available funds will be readily absorbed.

*An address by Dr. O'Leary before the Savings and Mortgage Conference of the American Bankers Association, New York City, March 9, 1960.

Kahn in New York

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, have announced that Harry Kahn, Jr., formerly resident partner in the Washington office, has transferred his activities to the New York office where he will be associated with the research, assigned accounts and market analysis departments.

AS WE SEE IT

Continued from page 1

if that is possible, precisely what the legislators meant to say, but such difficulties pale into insignificance by comparison with the problems of finding the proper or the best means of carrying these sentiments (as commonly interpreted) into practical effect. These latter difficulties are, naturally, multiplied several times by reason of the fact that presumptive efforts to find solutions offer apparently irresistible temptation to political pamphleteering. One can not read the current output of the Joint Economic Committee without being impressed with the fact—for fact it is— that here is an essentially political document, or rather two political documents in which the Democratic majority in Congress and the Republican minority do what they can to lay the foundations for the coming political campaigns.

Too Much to Expect

Of course, it would be too much to expect economic erudition in the rank and file of the two houses of Congress. There are a few who are well informed in this field, but most of them are essentially politicians who have never given the problems with which they are called upon here to deal, very much thought. And some of those who, like Senator Douglas are well steeped in the literature produced by economists, past and present, are hardly possessed of that calm, judicial temperament which one would like to see in individuals who undertake to formulate policies to give effect to the broad and vague professions of the Employment Act of 1946. Even after listening a good many hours to the comments of professional economists and businessmen, these committee members show a great deal more skill and a great deal more zeal in utilizing what the witnesses have had to say to bolster the party line than in reaching any balanced or sensible judgment about the basic issues involved.

The fact is, though, that the unconvincing arguments and the inadequately defended proposals for action are not to be held too strongly against the authors of this document or against the others in various branches or departments of government undertaking similar tasks. The cold truth is that the problems here wrestled with are not only ones about which there are wide differences of opinion even among the very elect, but are questions that have really found no answer anywhere in the world. It would not be going too far to say that what these men are presumably trying to do is beyond the reach of the human mind. For what in a nutshell is the task here being essayed is that of directing "the economy" for the purpose of making it best serve mankind. No man and no group of men are wise enough to succeed in any such endeavor—and failure on the part of all too many of us to realize that simple fact is one of the most disheartening aspects of current events.

If Only . . .

There could be no objection to the Employment Act of 1946 if only it was understood on all sides that the best way to reach such goals as are there set forth is to free individuals from all unnecessary restraints, remove all special largesse and other "incentives" and leave us all to look after our own personal affairs as best we could so long as we do not interfere with the freedom or the same rights enjoyed by the other fellow. Of course, tariffs would have to go or be greatly reduced as rapidly as feasible, various other subsidies now granted to all too many branches of business would have to be ended, farmers would have to stand on their own feet, monopolies and other restraints of trade, whether in the field of business or in labor, would have to be abolished. The now almost innumerable interferences with business operations would have to be brought to an end. In short, we should have to turn back to the ways and the modes of procedure which brought us up from a struggling young nation to a position envied by all the world.

It Will Require Time

Naturally, all this could not be done overnight. Such a thing would be politically impossible after the brainwashing operations of the New Deal, and, after all, this is a real world in which we live and such drastic changes as those involved in any process of this sort have to be made circumspectly and without undue haste. What troubles us is the apparently total lack of any understanding of these facts or any slightest disposition to suspect that we have already gone much too far along the road toward collectivism and all that goes with it. So far as can be judged one could count the members of Congress who have the concept of true Americanism on the fingers of one hand.

It is also a fact that even the witnesses called to Washington by the Joint Committee do not often appear greatly concerned with the basic error of this whole policy of placing upon government the obligation and the responsibility to put an end to what have become known as business cycles.

This is, of course, a situation which has existed for two or three decades, and is in any event familiar to the matriculate, but these Joint Economic Reports are disheartening documents nonetheless.

Investment Paths—1960

Continued from page 3

GOLDEN SIXTIES SCHOOL for several reasons:

(1) This doctrine of prosperity through babies is questionable.

(2) Reliance on massive deficit spending to achieve perpetual boom conditions, amounts to reliance on printing press money.

(3) Government debt is a problem if for no other reason than the fact that so few people have any desire to pay it.

(4) Russia, Western European nations and Japan will provide the U. S. with increasingly severe competition for world markets.

(5) If stock prices in the 1960's are to duplicate the performance of the 1950's the Dow-Jones Industrial Average will have to rise to nearly 2,000. This is not impossible at all (stock prices in Chile are supposed to be 11 times 1953 levels). But if this does take place, it will come about as a result of rampant inflation—and not as a consequence of the arguments presented by this school.

(6) Certainly G. N. P. will rise in the next decade and so will profits, but hardly enough this year to warrant a bullish attitude toward stocks at current prices. The profit squeeze is definitely on. The recent steel wage pact made that point painfully clear.

II

The Buy Foreign Common Stocks School

It is time for us to re-examine our investment philosophy as the thesis of the "Buy Foreign Common Stocks School." For years we have felt that the U. S. was the only safe place to invest a dollar. Now, things are changing.

After the war, we had a large undamaged industrial capacity and enjoyed the benefit of a worldwide seller's market. We dominated world trade. The going was so easy that we permitted our costs to soar and to get all out of line with the costs of other nations.

Industrial Developments Abroad

Now we are on the defensive. Russia, Western Europe, and Japan have new factories which employ the latest in advanced mass production techniques. Their costs are far below ours. Year by year they find it possible to devote a growing portion of their productivity to foreign markets, and this brings them into headlong competition with us. They can underbid us and they are getting more of the business. Hence, their currencies strengthen as ours weakens. Gold movements show this shift in the affairs of nations.

It becomes clear that we must do all we can to hold costs down. Probably a good share of recent wage increases must come out of corporate profits and Federal income taxes. We must take a hard look at foreign aid programs and, other advanced nations must assume a larger share of this burden. The barrier of featherbedding must be overcome. Perhaps we will see a wave of sentiment in favor of terminating the foreign aid program and setting up a high tariff wall, but this will only aggravate our troubles.

World developments suggest a certain amount of austerity for the U. S.—a period of adjustment for the economy and the stock market.

Coincident with this adjustment in the U. S., the economies of Western Europe and Japan will be experiencing strong growth through the development of their domestic mass markets. Their costs are low. They can easily change and adjust. Labor will not be able to thwart progress. Their currency position will continue to improve. Their governments appear stable and their populations are apparently fed up with socialism and inflation.

The investment climate looks favorable in Japan, Germany, Britain, Italy, and perhaps Mexico. As time goes on and the inflation now raging in South America burns out, opportunities may develop there. Likewise, South Africa is worth keeping an eye on.

Concludes View on Investments Abroad

To summarize, if you place some money in stable, newly industrialized foreign nations, you get the benefit of a superior international competitive position, plus the promising potential of the domestic market, plus the safety which arises from populations that are fed up with socialism and inflation. On the other hand, if you acquire U. S. stocks at this time, you may be buying into an adjustment.

Author's Attitude Toward the "Buy Foreign Common Stocks School"

The next ten years will substantiate the position taken by THE BUY FOREIGN COMMON STOCKS SCHOOL. Opportunities exist—the problem is to take advantage of them. Those nations mentioned in a favorable light will grow at a rapid rate, but it will not be easy to make satisfactory investments. Investors are confronted with some real problems: inadequate information; foreign income tax regulations; capital withdrawal restrictions. These difficulties may close the field to all but professionals.

Those embarking on this investment course should practice diversification on a national basis and should invest no more in any one country than they can afford to lose.

III

The Bill School

The big question today, according to THE BILL SCHOOL adherents, is whether our way of life will continue or be destroyed. They believe that the U. S. will remain a great power, that democracy and the right of private property will not be done away with; that inflation will be stopped and the dollar's purchasing power maintained. All of this may mean some austerity, deflation, unemployment, and hardship. But they believe the public will be willing to pay that price.

The Logic of Bills as Investments

For the sake of argument, they contend, presume that we are wrong and that the public is not willing to pay the price. In that event we will be devoured and demoralized by inflation. The U. S. will go under and the good life everywhere will go with it. Communism will flow over the world like a great sea. Those who cherish freedom will have no place to go and nothing to take with them, as all property will be confiscated.

If you will keep these facts in mind it should be clear that there is no point in buying common stocks today. At current levels stocks do not represent faith in the U. S. but rather a lack of it.

The stock market has been distended by the injection of a great conglomeration of frustrated investment money which doesn't feel at home in Wall Street and never wanted to be there in the first place, but was forced there through fear of more inflation and because its owners embraced the illogical belief that one can make money buying U. S. common stocks because the dollar is going to perdition. If we cross the Rubicon and make sound money, a number one objective of government, a lot of water will have to be wrung out of the stock market.

Buying land is not very smart either, for if the very thing happens (bad inflation), that the land speculators anticipate, land will be confiscated or "Castroized."

The choice is clear. Either bet on the integrity of the U. S. Government or don't bet at all—just spend your money. If you bet on the U. S., buy bills, for these reasons:

A financial crisis lies ahead. Before it is resolved things may get rough. Interest rates will probably remain high for a long time; otherwise people won't save and provide the capital the world is starving for. Yields on long-term bonds do not reflect this fact of life, but they must eventually. Therefore, if you buy long-term bonds today, you are purchasing a capital loss. Buy only 91-day bills and roll over and over in them. After the crisis has passed, get out of bills and into whatever you really want to own.

Reviews Advantages of Treasury Bills

In summation: a shortsighted man will buy common stocks or land; a pessimist will spend his money as fast as he gets it; an optimist will buy Treasury Bills.

You either win with Uncle Sam or you don't win at all.

Author's Attitude Toward "The Bill School"

The position taken by members of THE BILL SCHOOL is based on full faith in the financial integrity of the United States and the ultimate triumph of democracy over totalitarian forms of government. Every substantial investor should back up this platform with some of his money, as the consequences of this argument proving false may turn out to be as gruesome as pointed out in the statement of the position of this school.

If future stock prices are characterized by violent fluctuations (as I believe they will be), bill holders will have the ready cash to take advantage of exceptional opportunities. A bill position is more elastic than appears on the surface, for it provides: complete safety, plus income; outstanding marketability; ready funds to exploit emergencies negligible investment costs.

IV

The Diversified Portfolio School

This school speaks for the largest amount of investment funds. It represents balanced mutual fund money, clients of investment advisers, many foundations, most pension systems, and most trustees with banks.

Its philosophy is simple: there is safety in diversification; diversify not only as to type of security but as to industry, region or country, and even maturity. Some call it the 50-50 school—50% in bonds and 50% in common stocks—but this is over-simplification. Within the major requirement of some sort of balance between protective securities and equities, it enjoys considerable latitude in the placement of new money.

To illustrate: there have been years when funds were heavy buyers of oil stocks; times when practically every new investment dollar went into convertible bonds; at present, and for some months past, they have been heavy buyers of Treasury bills. They are beginning to acquire some foreign stocks.

They have heard all the arguments presented in this paper and are impressed by the merits of each position, but have found from long experience that the only practical way you can manage large sums is by the balanced fund approach.

Some critics have declared that all they do is average wise moves against blunders, and that if they knew what they were doing, they would always keep their money on the best horse.

They regard this as a rather clever surface observation but not a very learned appreciation of their function and responsibilities. They are not employed to gamble with public funds. If it were possible to pick the winning horse each day then that is just what people would do with their money. They know this can't be done. But they do know it is possible to practice purchase of the most promising security and industry types, by channeling the bulk of new money into such situations, year after year.

Coincident with the policy of most favorable purchase within the framework of the balanced portfolio, investment funds attempt to eliminate those securities which appear to have lost attraction.

At times, wide swings in the stock market cause distortion in our balance position. Sometimes they correct this imbalance quickly, as do those who operate on formula plans. At other times, as in past years, they are slow to correct the imbalance because they feel it isn't wise.

As things work out, over a long period of years, they enjoy far more versatility in their investment activities than appeals on the surface.

They never hit the jackpot, but they get there just the same, and they are always in business.

Author's Attitude Toward "The Diversified Portfolio School"

The thesis of "THE DIVERSIFIED PORTFOLIO SCHOOL" represents a sound position for those affected by a heavy fiduciary responsibility.

The Buy Gold (or Gold Stocks) School

When, so this "School" argues, we abandoned the gold standard in 1933 and adopted a domestically non-convertible gold bullion standard, we started on the well traveled road of printing press money. That prices have risen only 125% since that time is a remarkable accident which will always stand as a glorious testament to the faith the American public had in the financial integrity of its Government.

Things are changing now. The public is getting wise. One of these days the public will seek to protect itself. The results will be evident to the living and to the dead.

The Federal Reserve cannot stem the tide. Congress is the sovereign power and only Congress can prevent the debacle. Congress won't. History proves that it is impossible to stop governments once they get hooked on the inflationary drug. They always come back for bigger and bigger doses.

There is only one question—how to protect yourself.

Since you can't buy gold in this country, there is nothing left to do but buy it elsewhere: Canada, Switzerland, South Africa, Mexico. You can either leave this gold in trust with a bank or place it in a safe deposit box. If a bank holds your gold and the Government goes broke, they will surely seize it. If your gold is in a safe deposit box, it may or may not escape seizure. Any man who goes to the trouble of buying gold had better go to a little more trouble and bury it; otherwise he'll squirrel-up a bunch of nuts for some rat to eat.

Gold Mining Stocks

This brings us to the subject of stocks in gold mining companies. They possess two virtues over owning gold bullion. One of these is obvious: income; the other conjectural: immunity to seizure.

In the nations where gold mining is important, the Government is not likely to seize the property unless that nation goes completely communistic.

So, take your choice: Canada or South Africa.

Sooner or later gold will sell at $50 an ounce, $70, $100, who knows? If you hold gold or gold stocks you will clean up, unless the Government takes you to the cleaners first.

That is the gamble you take.

Author's Attitude Toward "The Buy Gold (or Gold Stocks) School"

The position taken by the members of THE BUY GOLD (or Gold Stocks) SCHOOL will prove correct IF the U. S. Government does NOT stop inflation, and we go through another sickening devaluation of the dollar. Should this happen, I believe foreign governments will seize all privately held gold within their boundaries. (The Swiss might prove an exception). Therefore the gold advocates make a good point in recommending the purchase of gold stocks rather than of gold bullion.

Walnut Grove Securities Offered

Cruttenden, Podesta & Co. and The First Trust Company of Lincoln, Nebraska are co-managers of the underwriting group offering for public sale today (March 17) $3,000,000 Walnut Grove Products Co., Inc. 15-year 6½% sinking fund debentures with common stock purchase warrants; and 300,000 shares of the corporation's class A common stock, $2 par value.

The debentures, due Feb. 1, 1975, are priced at 100% plus accrued interest. The detachable warrants entitle holders to purchase 50 shares of common stock for each $1,000 principal amount of debentures at $10 per share, through March 1, 1964, and at increasing prices thereafter through March 1, 1970, the expiration date. Redemption prices are scaled from 104% plus accrued interest to 100%. The class A common stock is priced at $10 per share.

Proceeds from the issues will be used by the company to repay bank borrowings of $4,500,000 and to replenish working capital.

Giving effect to the current offering and application of proceeds, capitalization of Walnut Grove Products Co., Inc. will be as follows: 1,000 shares 6% cumulative preferred stock, $100 par value; 598,370 shares class A common stock, $2 par value; 1,790,220 shares class B common stock, $1 par value; and $5,908,732 bank and other loans.

Walnut Grove Products Co. manufactures, distributes and sells livestock feed supplements, minerals and pre-mixes.

What the Fifties Told Us About the Sixties

Continued from page 14

the changed character of our business system. Prices rose throughout those years. Yet, industrial production was fairly level after hitting a peak in 1955, until it plummetted sharply in late 1957 and early 1958. Unemployment also leveled after declining sharply in 1955. It never got back to the lows attained in 1951, 1952, and 1953. In the recession, beginning late in 1957, unemployment nearly doubled. Real income per capita grew slowly, then declined in the recession. In other words, over-all price and wage rises occurred despite the fact that overall demand was not excessive.

Within the broad totals the changes were even more mystifying. For example, sales of American-made automobiles fell below year-ago levels in 1956, 1957, and 1958. In fact in 1958, 45% fewer cars were sold than in 1955. Employment in the automobile industry in each year was below year-ago levels. Yet in each of these years the price of new cars rose, as did the hourly wage rate.

These developments and others called for explanations. Was there no longer rhyme nor reason in the economy? Just what kind of a business system did we have anyway?

Rhyme and reason have not left, some said. It is just that we have a new type inflation—"cost-push inflation." Briefly, the cost-pushers said that large corporations and large labor unions were powerful enough to set prices and wages irrespective of current market conditions. Prices were thus pushed higher by cost-plus pricing, not pulled higher by excessive demand.

Debate Over a Newly Developing Capitalism

In a related vein, but not specifically associated with conditions in the three years observed, much was written and said about the "new capitalism" that has been evolving in the United States. What might loosely be called laissez-faire economics had been a less than totally adequate explanation of our business system for quite some time. It was still used as a more or less official creed of the businessman in the late 1940's. By the 50's, developments in our economy were such as to cause our business system to seek a new creed.

In general, the attempts at forging a new justification fell into two main categories: (1) those that said that prices, profits, and resource allocation still are determined essentially by the invisible hand of competition—though perhaps a different kind of competition; and (2) those who said that the new managers are the guiding hand that determines prices, profits, and resource allocation in a beneficent way.

But in spite of all of the thought that has gone into the development of a new business creed, we still do not have one. Surprisingly enough, the old laissez faire doctrine—or something closely akin to it—probably has as much support from the business community as any of the newer philosophies.

In the latter 1950's, irrefutable evidences of Russian scientific achievements had a tremendous impact on our society. On October 4, 1957, the Russians shocked and bewildered us with their first Sputnik. Attitudes of the American people have changed drastically since that time.

At the subconscious level, at least, our society became conscience-stricken. It was as if we suddenly said to ourselves: "Here we are fussing around with useless decorations, while the Russians are making serious scientific advances."

The automobile industry observed that consumers no longer wanted elaborate ornamentation and functionless chrome. Apparel makers strove for simplicity. At local levels it was easier to get a bill passed to raise teachers' salaries. College professors found more sympathetic ears. Scientific wizards began to replace football players as the big men on campus.

In addition to these observable changes that the Sputnik helped cause, it has had another more profound effect on our society. The sudden realization that we are not the best and first in everything has given us a slight inferiority complex. For the first time, Americans seem not so willing to take it for granted that in the long-run our way will be the world's way.

Finally, in 1959 the steel strike has given us a comeuppance. Coming on the heels of obvious Russian scientific achievements and boasts about their future economic potential, it has added to our small but growing national inferiority complex. Rightly or wrongly, Americans in all walks of life wonder where are we heading if we can do nothing to prevent these incredibly expensive strikes.

America, 1959 Style

The 10 generally prosperous years of the 50's have changed us a great deal. As a nation we are better fed, better housed, better clothed, better transported, and better equipped than we were in 1949—better than we or any other nation have ever been.

Looking back at the section that briefly depicted how we were in 1949, some changes are quite apparent. For example, cars are getting shorter and less powerful; no one considers the stock market obsolete; socialism seems not to be an issue any longer; Big Government pretty much is taken for granted; the public debt doesn't get as much attention as consumer debt; prosperity and inflation are taken for the norm; and unemployment and business distress are abnormal.

Other things have not changed so much, however, or it seems the more they have changed the more they have stayed the same. The impact of television on our mores is still being widely discussed. Grave problems in the farm, coal, and railroad industries remain unsolved. Labor-management strife is in the news. The call for a new business creed grows louder but is otherwise unchanged.

The changes just mentioned and the things that haven't changed, of course, are important. They are also fairly obvious. We have only to look around to see them. It is more interesting to try to discern some of the more subtle differences between our society in 1949 and 1959—keeping in mind the very substantial improvement in our material well-being, keeping in mind, too, that improvement in our material well-being has contributed to these other changes.

It seems safe to start out by saying that one change in our society since 1949 is that differences among us have narrowed. In large part at least this grows out of the economic facts of life in the 50's. Proportionately fewer people are very poor or very rich. Many more people are somewhere in between.

Likewise proportionately more of us live in about the same manner. We own our own homes, buy a new car when we think we need one, take vacations. Fewer among us are rock-ribbed Republicans or staunch Democrats. Religious differences may have blurred somewhat also. All around us, the steel strike notwithstanding, there seems to be more of a tendency to try to find common ground for agreement.

Other distinctions seem to have blurred, too. Things aren't so clear as they used to be and there's no use kidding ourselves that they are. Right and wrong are not so easily able to be distinguished. There are many more self-confessed sinners among us, and many fewer self-styled saints.

Fewer among us think we have the answers. More of us have come to the conclusion that many of life's problems cannot be solved at all. The threat of an atomic war is so terrifying to us as to lose its ability to frighten us at all. Most of us seem numb at the prospect. We've adopted a fatalistic attitude toward it.

The enormity and seeming insolubility of many of the world's big issues has perhaps made us more interested in ourselves than formerly. It's as if we turned away—decided to get back to something we have a chance of comprehending. We psychoanalyze ourselves, try to determine why we really do what we do, say what we say, act the way we act. Many more of us are preoccupied with our own health. Businessmen are forever talking about heart attacks, and their wives about cancer.

We feel that we are more sophisticated than we were in the 40's. We think we use our incomes more wisely, and don't just buy something flashy to impress our neighbors. We're more cynical about advertising, but probably just as affected by it. We abhor being considered "square," although most of us have a hazy impression about just what that means. Foreign goods are more likely to appeal to us. For the time at least, they strike us as being different and sophisticated. They provide variety in our consuming lives. They are a kind of subconscious offset to the narrowing of differences all around us.

In fact, the narrowing of differences in incomes and elsewhere is probably having a large effect on our spending habits. Because most of us can afford to do nearly the same thing as the next fellow, we have a sort of compulsion to do something different. New style trends are more difficult to establish. When almost everyone can afford to be in style there's less point to it. Women's clothes have no dominant theme at present. Women are beginning to wear what they like, think they look best in, feel gives them individuality, distinction. Men's clothing stores must carry a variety of suit styles; Ivy, Continental, and American Ambassador at least seem to be necessary. Men's shirts feature pointed, round, eyelet, tab, spread, semi-spread, and button-down collars. And there appears to be no dominant trend. It seems as if a new cigarette brand name comes on the market every month. Thunderbird, Corvair, Corvette, Imperial, Dart, Falcon, Valiant, and Lark are all rather recent additions to the automobile sweepstakes There is an unmistakable trend away from following the leader; an unmistakable urge to express ourselves, achieve an identity through our spending patterns that we feel we are losing elsewhere.

In 1949 it was possible to say that Americans were proud of their preeminent position in the world order, but apprehensive about the way their business system might work under peacetime conditions. Attitudes have changed.

We feel that we have lost standing in the world order. The previously mentioned Sputniks have a great deal to do with this feeling. But we think we see other evidences of our declining position. We read about an outflow of gold, we see automobile imports rising and exports falling, and we learn that Russia and some other nations are growing industrially more rapidly.

Paradoxically, we have much more confidence about our own business system than was the case 10 years ago. The dreaded depression never happened. It didn't even come close. Rising prices have plagued us, but most of us can't see much harm in them—this far at least. In any event, rising prices are much to be preferred over a depression. Of course, we've had a recession every fourth year or so. But most people have been affected only slightly. In any event, the recessions have been nothing like the Great Depression.

Impressions From the 50's—An Influence on the 60's

This brief run-through of the 50's is incomplete. Not everything that happened, and from which we learned a lesson, has been chronicled. Not every change from the way we were at the turn of the decade has been noted. But though obviously incomplete it is also, in a sense, excessive because, probably, only a few impressions from the 50's have been etched deeply enough into the subconscious of our society to change substantially how we will live in the 1960's.

And they are not necessarily the impressions that come immediately to mind. Some observers have said that America at present feels fat, humorless, a little ashamed, and pessimistic. Maybe we do, but these impressions are the products of a mood of the moment. They grow out of Russian moon rockets, quiz show scandals, and the steel strike. They will pass.

Other impressions will remain. It is possible to select three powerful, pervasive impressions that we as people have consciously and subconsciously gleaned from the 50's. We as a society think we have learned:

(1) That we shall probably never again have a depression remotely resembling the catastrophy of 1929.

(2) That Socialism is not just around the corner.

(3) That Russia is a strong—and will grow to be a stronger—economic challenger for the heavyweight championship of the world.

Let it be re-emphasized that what a society thinks it has learned has not always proved to be eternal truth. Any one or all of the three pervasive impressions mentioned could appear as foolish in the 1970's as the new era philosophy of the 1920's looked in the 1930's, or the mature economy thesis of the 1930's looks today. The point is, however, that each of these three impressions may well influence the behavior of our society in the 1960's, but how?

Let's start with number one—the idea that the Great Depression doesn't haunt us as in former years. Probably no event, not even World War II, so shocked and scared Americans as the Great Depression. To say that it has influenced our thinking ever since is an understatement.

The effects deriving out of our pre-occupation with averting another depression have been manifold. In a broad, general way very likely in the 50's memories of the depression caused us to sell ourselves short. Almost anything that went wrong with the economy was compared with the depression and tolerated by most of us.

Persistently rising prices were compared with the depression and tolerated — in some quarters lauded. The recessions that hit every third or fourth year seemed shallow and brief, perhaps because we compared them with the Great Depression. So what if farm surpluses were piling high in storage bins, if some facets of our tax system seemed out of tune with the times. Don't rock the boat too hard! Remember the Great Depression.

It is, perhaps, an overly simple picture that has just been painted of the way we as a society have been influenced by the Great Depression. But a broad brush is being used. Obviously, not all of us were so preoccupied with the spectre of another depression as to close or even half-close our eyes to other problems in our economy. But a good many of us in our society did, and even many who thought their eyes were wide open in their heart of hearts could not persuade themselves that any economic problem could begin to compare with the next depression.

Ridding Ourselves of the Depression Psychosis

This is possibly as it should have been; in any event, it's how it was. We needed the 50's, each year of the period, to rid ourselves of the lingering depression psychosis.

If this psychosis has been a stultifying force in the 50's will its partial erosion release activity in the 60's? Very likely.

As a potential depression sinks further from view, other economic problems will probably be seen in new perspective. The persistent rise in over-all price levels may not be so glibly accepted. It may be seen as a problem in its own right. This will be even more likely, if, as is nearly sure to happen, the influx of foreign goods continues. Price comparisons among nations may loom larger in the sixties. Nearly all of us in our society will probably be in more of a mood to halt persistently rising prices. Therefore, more likely we will be successful in doing just that.

Recessions, statistically, will probably approximate what we've experienced in the 50's. They will seem larger in the sixties, however. The Great Depression yardstick probably won't be the standard against which they are measured. But by seeming larger, actually they could get smaller. A free society that is convinced it can never suffer another Great Depression is ready to try to prevent recessions periodically scheduled every third year or so.

Other economic problems left over from the 50's similarly will seem larger in the 60's; actually, perhaps, get smaller. The prosperous decade behind us provides a new backdrop for comparison. It, along with the lessened fear of depression, will bring about a general raising of our economic sights.

It is almost difficult—maybe a little embarrassing—to remember how wrought-up we were about the menace of Socialism in the early 50's. Though we are still on guard, the temper of our times has changed dramatically.

For a variety of reasons, Socialism in this country seems not so imminent today—in fact, it seems quite remote. Perhaps it was never imminent. But a lot of people thought it was and their actions and the actions of others were influenced by this feeling. Naturally, therefore, if this feeling no longer exists—at least not nearly to the same degree—its absence might be expected to influence us in the sixties.

Much as with the fear of depression, the fear of Socialism to some extent caused us to sell ourselves short in the 50's. This was particularly true in the earlier years of the decade. New ideas were suspect, in part, simply because they were new. Only orthodox ideas were encouraged by the general climate. Our imaginations were constricted.

By now, we're no longer con-

stantly looking back over our shoulders at a conjured-up Socialist menace. The climate has changed. The non-conformist is not inhibited from exposing changes. New ideas are sought out and viewed hopefully. Imaginative thinking is encouraged.

No one can say exactly what this means for the sixties. Probably, however, it means that our society will have more new ideas to "chew on" than in the 50's. And not only might we develop more ideas, we might also find they are bigger and bolder ideas.

Finally, Russia may have a large influence on us in the 60's. Of course, Russia influenced our actions in the 50's. But for the most part in the 50's our drive was to stay ahead of Russia militarily. In the 60's Russia has promised to challenge us on the broadest economic grounds.

The rate of growth in the Russian economy is being watched carefully. Why economic growth in this country is what it is came in for a great deal of study over this past year, but will probably come in for considerably more in the 60's.

Despite our long lead and seeming invincibility as economic champion of the world, recent evidence suggests Russia will make the match a lively one. Russian Sputniks have tended to offset some of our vaunted evidences of higher living standards. Other spectacular achievements by Russian scientists are to be expected. American scientists are preparing to answer in kind.

Again the general effect is to bring about a raising of sights, a feeling that what has seemed good enough won't do, an environment that encourages more and bolder new ideas.

A pattern, therefore, is established. If out of the 50's three pervasive impressions have been formed, and if the three impressions have the effects outlined here, then the course is clear. The 60's will not be like the fifties after all. Our values could undergo a big change. A high standard of living will likely be taken for granted. Persistent inflation and periodic recessions will grow less tolerable. The rest of the world will seem more important to us. We'll probably be much less contented, smug, and stuffy than we were for most of the 50's. But maybe we'll have a lot more to be contented about. In ridding ourselves of two psychoses in the past decade we've made our society—the freest in the world—freer. We have removed from our subconscious two forces that have narrowed our viewpoint and submerged new ideas. How strong and impregnable a position this puts us in to face the challenges of the 60's.

The change in the character of our society will probably come about slowly and almost imperceptibly. It has begun already. When the change becomes more apparent the tendency for many people will be to look back and say, "*This* was the turning point. *This* was the event that caused the change." They will not be wholly right, no matter what day and what event they choose. All days and all events leave us with impressions no one of which is completely decisive because each is the unconscious product of days, events, and impressions that have gone before. Of course some days, events, and impressions are infinitely more important than others. Sometimes it takes many days and many events to form one powerful impression—as with all the days and all the events it took to leave us with the impression that a depression wouldn't recur or Socialism was remote. Other times one day and one event can have tremendous impact—as with the day the first Sputnik broke into the news. But all the days, all the events, and all the impressions from the 50's have helped change us, and if it had not been for each of them the 60's would not be as they will be.

*An address by Mr. Bunting before the Pennsylvania Bankers Association 64th Annual Meeting in Philadelphia, Pa.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Government market after the sharp rise which carried quotations up more than 4¾ points in some instances, has reacted somewhat and this was not unexpected in light of the fast upward movement which had taken place in these obligations. The demand for all fixed - income securities has been enhanced by the sizable decline which has taken place in prices of common stocks. The lessening of the inflation psychology has also been a favorable development as far as the action of Governments and other fixed-income bearing issues are concerned. It appears as though the return on one's investment is assuming greater importance now in place of the hedging against inflationary developments, thru price appreciation, in equities.

The March 15 income tax payments were made with no influence on the money market as a whole. The next venture of the Treasury will be the raising of new money, probably at the end of the month.

Lower Capital Demand Likely

The demand for funds, according to advices, is not likely to increase in the near future in spite of the belief that the economy will be operating at levels which are considered to be favorable. It is evident that the boom which had been predicted at the start of the year is not going to materialize in the first half of 1960. There are no shortages so far, and there are not likely to be any in the foreseeable future as far as most durable consumers goods are concerned. This means that the demand for money and credit is not going to be strained very much while these conditions are prevailing. In addition, it is not believed in some quarters of the money market that an increase in capital expenditures as is being predicted now by economists in Washington is going to have further tightening influences on money and credit.

As matters currently stand, it is evident that many money market specialists do not go along with the forecasts of the Government that capital spending by corporations in 1960 will be sharply above those that were actually made in 1959. It does not take much of a decline in the business pattern to have a sobering effect upon the way in which corporations are to spend their funds, to say nothing about borrowings which would be made by these same concerns.

With the economy moving along at levels which are considered to be satisfactory, but not at boom proportions, it is believed in some quarters of the financial district that the demand for loanable funds will tend to stay within manageable limits. This means that there will be money available for fixed-income bearing obligations in amounts that should not have an unfavorable influence upon the market behavior of these securities.

Stocks Losing Glamor

To be sure, funds which had been going mainly into common stocks in the not distant past are now being put to work in selected issues of fixed - income bearing obligations, with Treasury bills still the most favored obligations. In addition to the purchases of Treasury bills, commitments are also being made in selected issues of Government notes. These purchases are being made by corporations which have available funds as well as individuals.

And the reason given for the shift in purchases from common stocks into fixed-income securities is that the inflation fear has subsided so that there is not the need to hedge against further depreciation in the purchasing power of the monetary unit through the buying of equities. In addition, the yields which are available in fixed income bearing obligations are considerably better than the current return which can be obtained in common stocks.

Proposed "Advance Refunding" Helps Market

Despite the professional atmosphere that is very evident in the market action of the long-term Government obligations, which means that quotations of these issues can be moved up and down with ease, there is no disposition among the owners of these securities to get rid of them as prices go up. In the first place, the present owners of these bonds are pretty well reconciled to the continued holding of them since disposal at these levels would still result in very large losses, which they do not want to take. In addition, the belief is very strong that the Treasury will eventually get around to a program of "advance" refunding and this will mean favorable treatment for most of the bonds that are held by these institutions. The smaller commercial banks, which are in the main savings banks, are very much interested in this "forward" refunding idea.

Hermetite Corp. Comm. Stk. Off'd

M. L. Lee & Co., Inc., Milton D. Blauner & Co., Inc., and Kesselman & Co., Inc. are offering today (March 17) 125,000 shares of Hermetite Corp. common stock (without par value) at $5 per share.

Hermetite Corp., incorporated in Massachusetts on June 6, 1952, is engaged in the manufacture and sale of glass-to-metal hermetic seals for the electronics and electrical industries. The offices and plant of the company are at 702 Beacon St., Boston, Mass.

Net proceeds, after payment of expenses estimated at $30,000, will be approximately $532,500, of which $100,000 will be used to move and set up in a new plant; $225,000 for purchase of equipment, etc.; and the balance of approximately $207,500 will be added to the working capital of the company.

Since at the date hereof the company has not made a final decision regarding its move to a new location, the foregoing is necessarily an estimate. The company reserves the right to revise the foregoing estimate of the use of the proceeds as in the judgment of the Board of Directors may be in the best interest of the company.

Survival of the Domestic Cotton Textile Industry

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trade for many of our raw materials. Without foreign sources of supply literally tens of thousands of American firms would suffer serious losses. This is because our tire industry must import all of its natural rubber; the paint industry must import all its lac and shellac; the pharmaceutical industry must import all its opium and ipecac; the insecticide industry must import all its rotenone; the tanning industry must import all of its quebracho extract; the furniture industry must import all its rattan and mahogany; the jewelry industry must import all its natural pearls; the metals industry must import all its tin and chromium metal; the fertilizer industry must import all its calcium cyanide, calcium nitrate, and natural sodium nitrate; the food industry must import all its coffee, cocoa, bananas, and tea; and—various branches of the textile industry must import all of their jute, sisal, abaca, carpet wool, and cashmere.

These all are items for which U. S. industry is totally dependent upon imports. Imports also account for sizable percentages of our total supplies of such crucial items as manganese ore, chromite, beryllium, bauxite, nickel, antimony, and cobalt.

Imports provide the U. S. cotton textile industry with sizable proportions of its extra-long staple cotton.

When Producers Oppose a Tariff

I must say that I was somewhat amused last year when several cotton textile producers appeared before the Tariff Commission to *oppose* the increased tariff on extra-long staple cotton which the domestic cotton growers were seeking. That tariff increase, incidentally, was not granted.

Of course, we must have foreign trade. In the complex economics of today's foreign trade neither we, nor any other nation, can afford to sit back and pick and choose what, where, and how to buy and sell in international markets. You just can't turn foreign trade on and off like a faucet.

You can't buy if you don't sell—and you can't sell if you don't buy. The importance of foreign trade to our country's continued peace, progress, and prosperity even transcends the immediate and measurable economic gains it provides our workers and businessmen.

Importance of Trade

I am convinced that President Eisenhower's defense policies have kept us in a position where we can destroy any aggressor nation in the world at the press of a button, but the recent Russian missile feats certainly point up the necessity for our having friends throughout the world. And trade is the most sensible and sure-fire way in which we can make friends and, at the same time, assure that the free world remains economically strong—strong enough to resist either direct attack or the sly subversion which poverty invites.

The countries most vulnerable to direct attack—as well as subversion—are those geographically situated on the Sino-Soviet perimeter. You are familiar with some of these countries because of their fast emerging textile industries.

Pakistan, for example, is a country where 90 million tough, industrious people literally are lifting themselves from the depths of poverty. Their exports account for a large percentage of their gross national product, but their need for foreign exchange is acute. They must export in order that they may buy the food, machinery, raw materials and other items they absolutely need for every day living. The Pakistanis like Americans, but if we don't buy the few lines of products they can export, including textiles, they must look for other customers—and the Soviets are nearby, ready, and available.

India has much the same situation, only of greater magnitude. Her imports, many from the United States, exceed her exports by some $800 million annually—a trade deficit of some $800 million a year. The problem is made more serious, however, by her needs for an additional $1 billion in foreign exchange each year for the next five years if there is going to be any increase at all in the Indian standard of living.

Korea has a very small amount of foreign trade, chiefly because a large portion of her former industrial capacity lies in North Korea which now, of course, is within the Sino-Soviet perimeter. But her needs for foreign exchange—to buy such items as agricultural products, metals and machinery from the United States—are high. And textiles are among Korea's few earners of foreign exchange.

Hong Kong is another area whose textile and apparel industries pose problems for our domestic industry. But these Hong Kong industries are the major source of employment for the two million refugees who have escaped the yoke of Chinese Communism.

No Red China Goods

Incidentally, on the basis of my personal on-the-spot survey of Hong Kong's textile industry, I firmly believe that they have the full capacity to produce all of the cotton garments they are shipping to the United States. And on the basis of thorough investigations conducted by agencies of our Government, I can say that we have not found one bit of proof that Communist textiles are being transshipped through the Colony to the United States.

Japan does not have the problems of poverty existing elsewhere in Asia, but Japan must "trade to live" and she either trades with the free world or succumbs to the left wing elements within her population and orients her economy to the Communist Bloc. It is just that simple.

Each of these countries is our friend. Each is important to our national survival, which includes the survival of the cotton textile industry. Each of these friendships must be nurtured, and an expanding level of trade among us is the answer to most of our problems.

As we continue our efforts to achieve a greatly expanded level of international trade, however, it is not our purpose to "sacrifice" any United States industry. This is how I explained it in Japan last November. I said:

"Our United States policy to seek elimination of trade barriers remains unchanged and the tremendous increase in Japan's exports to the United States thus far in 1959 and the favorable outlook for the remainder of the year hardly suggest there is a strong sentiment in the United States to restrict imports from Japan. Furthermore, we shall do everything within reason to stem the tide of protectionism in the United States, for there is no future in protectionism for us or any other nation."

Then, I said this:

"We no not intend to see an American industry destroyed by foreign competition, however, and we have adequate safeguards in our trade laws which will be used to make certain that this does not happen. It is our national policy to 'share' our markets with producers abroad, but not to 'give' our markets away."

Now, many, I'm sure, are fully

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aware of the mechanisms available for protection against injurious imports. No concession is made on any United States tariff until it is proven beyond doubt that the concession will not exceed the limits of the peril point, a point established by the Tariff Commission on the basis of public hearings and other studies. If through changing conditions, a concession results in serious injury, one has resort to the escape clause mechanism. The Tariff Commission right now is conducting an escape clause investigation of typewriter ribbon imports. If firms are dissatisfied with these administrative remedies, they can work for the enactment of legislation setting a new trade policy.

In each of these instances, the initiative is theirs. But we in the Administration have not been idle.

Foreign Voluntary Quotas

As a result of our discussions with the Japanese Government, for example, Japanese cotton textile manufacturers now have diversified their exports and have established voluntary quotas limiting the volume of certain categories of textile exports to the United States in order to alleviate the ill effects upon certain segments of our textile industry.

I personally have held discussions with the Hong Kong textile industry to explain why it is in their best interests to adopt a similar mechanism of orderly marketing and voluntary restraint. I believe I was successful in obtaining agreement on the principle, and while I know that you in the textile industry are not in complete sympathy with the plan recently advanced by the Hong Kong industry, I think you will agree that it forms a good basis for further dicussions.

We in the Administration have taken other actions. We have embarked upon some fundamental economic studies of the industry. We have set up a textile advisory committee which the Secretary of Commerce consults on textile matters. We have established a cotton export equalization payment program. And we have done other things, we hope, to benefit the industry.

Could Hurt Our Exports

In the administration of foreign trade matters we cannot contemplate uneconomic import restrictions in one field, say textiles, that might result in the loss of export sales in another field. Just as the textile industry desires protection, many American industries desire markets. The challenge is to expand our exports while at the same time keeping our domestic industries strong and viable.

The Government is doing what it can to serve the industry. But much of its future depends on the actions it takes for itself.

Take the field of foreign trade, for example. We have problems; the world's textile productive capacity is growing constantly and each of the other textile-producing countries have dire need for expanding hard currency markets. These problems are countered in major part, by 2 billion "underclothed" potential customers. These potential customers offer opportunities for survival.

During my trip to some 22 countries on the major continents last year, I talked personally to thousands of businessmen, government leaders, and just plain consumers. I found that there is a tremendous desire for American products, including textiles.

Lists Export Opportunities

To offer just a few illustrations, the alert American textile salesman might have taken advantage of the following trade opportunities reported to the Department of Commerce last year:

A firm in Thailand wanted cotton and nylon underwear for men and women on the basis of continuing $5,000 shipments.

And listen to these opportunities in England:

Cotton and rayon fabrics, dress weight, plain dyed and printed, weight from 4 to 8 ozs. per square yard, lower to medium quality;

Nylon fabrics for lingerie, blouses, etc., for women, of medium quality desired for direct purchase;

Fabrics for fashion dresses, lingerie and children's wear, including woolens, silks, cottons, synthetics, etc., desired for direct purchase and agency.

Continuing England's published requests:

Textiles for soft-furnishings, including cottons, synthetics (nylon, dacron, etc.) for quilts, curtains, bedspreads, covers, and all soft furnishings for use in manufacture, approximately 20,000 to 100,000 yards per fabric in all qualities and price ranges desired for direct purchase and agency;

Fabrics, 67% dacron, 33% cotton for use in manufacture of raincoats for direct purchase; and

Textile piece goods, made of wool, cotton, and rayon, suitable for coats, suits, dresses, and shirts for women, for direct purchase.

These are new markets opened up by the removal of import restrictions.

A firm in Germany wanted cotton and rayon print cloth for cloth printers. Germany has lifted its import restrictions against U. S. textiles and we're told that opportunities there abound — for the alert salesman.

Australia, too, has lifted its import restrictions on American summer use textiles, and our Consulate in Canberra reports a growing demand there for American cottons and synthetics. Quoting from a Foreign Service dispatch, "This is a lucrative market which requires attention."

Our reports from the new nation of Ghana also indicate a growing demand for American textile products.

And, as I've said, these are only a few illustrations.

Change is inevitable; price, of course, is a feature. But American textiles, because of their styling, quality, and advanced technology, are both wanted and saleable in world markets.

Offers 30-Year-Old Advice

Some may be familiar with my ideas on how American producers can increase their export sales. So rather than repeat them, I want to quote from the keynote speech of Mr. Carl R. Harris, the President of the Southern Textile Association, when he opened the Association's 21st Annual Meeting in Asheville, North Carolina, on July 5, 1929.

In 1929, this is what he said:

"Today as never before we are feeling the effects of keen competition in foreign markets. . . . We can meet our part of this in two ways.

"First, by producing goods of superior quality. This should be an easy matter with our educated and highly skilled Southern born people to man the operations.

"Second, we must find ways and means of lowering our manufacturing costs. This is the difficult task that must be accomplished and at the same time not only retain, but raise the standard of living of the people."

This advice is 30 years old, but it's still good today. To these points I can add only the necessity of effective salesmanship — the need for total marketing.

Last year, total United States exports of cotton cloth were valued at $123 million. This year, that figure can be increased substantially—if the industry decides it wants it increased and will do something about it.

The review of observations just presented would be a futile exercise if its only purpose were to justify governmental actions and policies. May I therefore submit some recommendations based upon this comprehensive study.

Submits Recommendations

Let us adopt the premise that we all are interested in survival, physical, political and economic—but few people will admit satisfaction in the *status quo*—or less. It is a law of nature that the absence of progress produces decline —and certainly it has been American tradition to strive for higher standards of living, better products, more sales—in other words, progress. How then can we advocate a program of restriction in trade either domestic or foreign—for trade is the means by which progress is transmitted into reality to the people.

Market opportunities for the cotton textile industry, as well as for other United States industries, are opening all over the world. American products, with their superior quality, advanced styling, and wider range of choice, are admired the world over.

Price is one important factor—but only one, and there is no tangible proof that "industry wide" our prices are excessive. Some elements of the American textile industry have countered lower wage rates with greater efficiency, lower cotton prices with greater volume and advanced technology. And even where prices are difficult to meet, superior merchandising can often develop markets by pointing up the other salable qualities of our products.

Very little of the world's commerce moves on price alone.

Steps must be taken to redouble your efforts in research and product development. The shining example of drip-drys and wash-and-wears shows how whole new vistas can be opened up through full product development. A person would have to be a rank pessimist not to believe that there are many more such products awaiting discovery.

The proportion of national expenditure for textile products must be increased. Competition with other dollar consuming products such as housing, entertainment, transportation, travel — must be met with determination and imagination. Outward-looking, optimistic, vigorous sales effort can, without doubt, add to the sales potentials of the industry.

Our national prosperity, safety, and well-being depend upon enlarging our economic base. Let's stop worrying about getting a larger share of a smaller market—and devote our thought and energies toward building a bigger market—for therein lies our future!

*An address by Mr. Kearns before the Charlotte Textile Club, Charlotte, N. C., Feb. 22, 1960.

Surety Life Ins. Co. Comm. Stk. Off'd

J. A. Hogle & Co. is today (March 17) commencing the public offering of 10,000 shares of Surety Life Insurance Co. common stock (par $10) at a price of $170 per share.

Surety Life offers a variety of life, annuity, accident and health, and hospital insurance policies.

The company will use the proceeds to expand its business.

W. C. Vincent Opens

BALTIMORE, Md. — William C. Vincent has opened offices at 127 West Lanvale Street to engage in a securities business.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

A Sales Suggestion for Mutual Funds

No product that is improperly sold will give a customer satisfaction, nor will such sales assist a salesman in obtaining referrals, or in retaining customers. You do not have to over promise to sell any worthwhile product. This holds doubly true when it comes to mutual funds. There is no need, for example, to promise the buyer of mutual fund shares that future profits will be fabulous. It is not necessary in order to make a sale to promise an income return that is out of line with current investment returns, exclusive of capital gain distributions. Certainly it is not sound sales procedure to go back ten or fifteen years in order to overstress capital gains during the period.

The salesman who relies upon such over glamorized statements to sell mutual fund shares is not only selling improperly but he can be certain that his customers will very probably be disappointed. This is no way to build good-will and radiation for himself. Without the friendship and cooperation of his customers no man can build a satisfying career in sales work, regardless of the product or service.

One of the obvious advantages that mutual fund shares offer a securities salesman is that they should do what they are intended to do if they are sold properly to people **who understand** WHY THEY HAVE BOUGHT THEM. Any man who has developed a clientele of investors selling general market securities, new issues and a diversified selection of stocks and bonds, knows only too well how difficult it is to keep customers happy over a term of years. The funds are a comparatively solid form of investment. Their dividend record through depression years has been consistent and generously augmented by capital gain distributions in boom periods. They are a long-term investment program wrapped up in one package. They are not a stock, a bond, a gamble for a quick buck. A mutual fund is a long-term investment program — just that and nothing else.

SELL A Long-Term Investment Program

If you were selling dog food you wouldn't go around and call upon every chicken farmer you could find and try to convince him that your dog food would make his hens lay more eggs; not if you had good sense you wouldn't. You would concentrate on the kennels and leave the chicken farmers to someone else. If I were concentrating on selling mutual funds today I'd pick out some representative funds that had good management and a good record. I'd select certain funds that were designed to provide Capital Growth, Current Income and Growth, and Current Income. Then I would sell these programs. I wouldn't sell stock, 400% profit over the last ten years (but maybe we won't do so well in the next ten), nor would I tell anyone that they should buy my program unless they intended to stick with it through hades and high water, and also add to it regularly if they were building for the future.

Then I would contact people who needed more income now, or for family income at a later date, and I would sit down with Mr. Husband and Wife and I'd do what the life insurance boys have been doing for years. I'd set up a conference and find out by asking them questions what they want and what they need. Then I would sell some common sense to them.

I'd say "Alright, you want to accomplish this objective, more income ten years from now. You want to plan sensibly. You want to be as certain as possible that you will have something worthwhile for the family ten years from now." I'd show them a chart of the monthly averages of Standard & Poor's 500-stock prices going back not ten years, or twenty years, but back to 1900, worked out on a logarithmic scale. This chart shows, despite wide fluctuations, that common stocks have been in a rising channel for sixty years, despite the ups and downs in the economy, and there is no reason to doubt that the uptrend will continue.

Then I'd show them a fund designed for growth. I would point out that they want to make certain they have a successful program. They want to do it professionally. They don't want to outguess, out-gamble, or outfumble the future and the stock market. And I'd sell that fund on what it should do and why it should do it. I would remind them that they want results; that this is too important to trust to luck, or to chance. I'd show them what diversification, plus selection, based upon research and conscientious professional custodianship of their program has done in the past. And I'd tell them that if they use this systematic approach to financial planning, they are **buying insurance against the mistakes** that are made by untold thousands and millions of people every year through emotionalism, and unsound advice.

If it was income they desired I'd use a good income fund and point to the record. And, in some cases, I might suggest a level withdrawal plan which is one of the finest annuity arrangements you can lay your hands upon if you set it up properly. I'd hate to think what the life insurance boys could do if they had an annuity of that type to offer.

My point is simply this—if you want to sell an investment program then sell the funds. That is what they are and they are good at it: I'd like to see the average unskilled investor (and also some of the wiseacres that spend their lifetime in boardrooms playing the market) take $10,000 or some such sum and do as well as the good funds will do during the next ten years. If I was Joe Blow working at a job, raising a family, and had adequate cash reserves and insurance, plus $10,000 to invest for ten to twenty years hence, I'd rather take my chances with a well managed mutual fund, and add to it regularly, than turn that money over to some friend who says he knows about the market or trust my own limited experience and knowledge.

There may be a few hardy souls with luck, genius and a beginner's nest egg who can run a few thousand into a fortune, but I think the majority of sensible people will choose a sounder plan, with safeguards that will protect their capital from the much greater risks of loss and depreciating purchasing power. These people will not want to sell their funds the week after they have bought them. They will not complain about the acquisition cost. They won't compare an investment program with a common stock. They will know they have not bought a common stock and that a fund is an entirely different type of investment.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Mar. 19	§91.5	*93.1	93.8	92.9
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 19	§2,597,000	*2,654,000	2,674,000	2,631,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 4	7,152,810	7,318,210	7,292,810	7,212,920
Crude runs to stills—daily average (bbls.)	Mar. 4	¶7,922,000	8,108,000	8,199,000	8,207,000
Gasoline output (bbls.)	Mar. 4	28,436,000	28,633,000	29,050,000	27,461,000
Kerosene output (bbls.)	Mar. 4	1,963,000	2,032,000	2,368,000	2,393,000
Distillate fuel oil output (bbls.)	Mar. 4	11,992,000	13,188,000	13,696,000	15,103,000
Residual fuel oil output (bbls.)	Mar. 4	6,591,000	6,980,000	7,634,000	7,500,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 4	218,938,000	215,623,000	206,418,000	207,015,000
Kerosene (bbls.) at	Mar. 4	20,590,000	21,878,000	24,288,000	18,985,000
Distillate fuel oil (bbls.) at	Mar. 4	101,554,000	108,815,000	121,521,000	80,616,000
Residual fuel oil (bbls.) at	Mar. 4	44,084,000	45,299,000	47,673,000	54,835,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 5	557,607	553,153	587,933	595,475
Revenue freight received from connections (no. of cars)	Mar. 5	532,887	526,006	566,123	575,265
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 10	$284,500,000	$505,600,000	$374,800,000	$372,100,000
Private construction	Mar. 10	158,600,000	266,200,000	200,000,000	202,200,000
Public construction	Mar. 10	125,900,000	239,400,000	174,800,000	169,900,000
State and municipal	Mar. 10	70,500,000	202,200,000	147,800,000	144,800,000
Federal	Mar. 10	55,400,000	37,200,000	27,000,000	25,100,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 5	7,600,000	*8,235,000	8,470,000	7,890,000
Pennsylvania anthracite (tons)	Mar. 5	314,000	370,000	383,000	379,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 5	98	110	111	118
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 12	14,271,000	14,262,000	14,071,000	12,996,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 10	290	299	317	311
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 8	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Mar. 8	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Mar 8	$33.83	$34.50	$40.58	$41.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 9	32.600c	32.675c	33.225c	31.150c
Export refinery at	Mar 9	30.650c	31.075c	32.350c	30.125c
Lead (New York) at	Mar. 9	12.000c	12.000c	12.000c	11.500c
Lead (St. Louis) at	Mar. 9	11.800c	11.800c	11.800c	11.300c
‡Zinc (delivered) at	Mar. 9	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	Mar. 9	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	Mar. 9	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Mar. 9	100.125c	100.750c	100.750c	102.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 15	85.30	85.12	83.60	85.50
Average corporate	Mar. 15	84.68	84.30	83.79	90.06
Aaa	Mar. 15	89.09	88.67	87.99	93.97
Aa	Mar. 15	87.32	86.38	85.98	92.64
A	Mar. 15	84.04	83.66	83.40	90.06
Baa	Mar. 15	79.01	78.78	78.09	84.04
Railroad Group	Mar. 15	82.52	82.15	81.54	88.67
Public Utilities Group	Mar. 15	84.94	84.30	83.79	89.92
Industrials Group	Mar. 15	86.91	86.28	85.98	91.77
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 15	4.00	4.02	4.19	3.88
Average corporate	Mar. 15	4.81	4.84	4.88	4.41
Aaa	Mar. 15	4.48	4.51	4.56	4.14
Aa	Mar. 15	4.61	4.68	4.71	4.23
A	Mar. 15	4.86	4.89	4.91	4.41
Baa	Mar. 15	5.27	5.29	5.35	4.86
Railroad Group	Mar. 15	4.98	5.01	5.06	4.51
Public Utilities Group	Mar. 15	4.79	4.84	4.88	4.42
Industrials Group	Mar. 15	4.64	4.68	4.71	4.29
MOODY'S COMMODITY INDEX	Mar. 15	372.7	370.8	375.7	388.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 5	365,838	307,798	352,417	369,514
Production (tons)	Mar. 5	330,475	308,026	320,887	315,717
Percentage of activity	Mar. 5	94	91	96	96
Unfilled orders (tons) at end of period	Mar. 5	488,510	441,069	489,216	474,212
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Mar. 11	110.40	110.77	111.48	110.56
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 19	2,545,270	2,043,210	2,077,600	2,613,450
Short sales	Feb. 19	384,280	277,650	337,950	432,080
Other sales	Feb. 19	2,278,790	1,764,990	1,744,480	2,121,280
Total sales	Feb. 19	2,663,070	2,042,640	2,082,430	2,553,360
Other transactions initiated off the floor—					
Total purchases	Feb. 19	523,890	397,150	314,530	582,480
Short sales	Feb. 19	124,400	34,700	44,300	60,000
Other sales	Feb. 19	556,480	340,700	312,280	465,700
Total sales	Feb. 19	680,880	375,400	356,580	525,700
Other transactions initiated on the floor—					
Total purchases	Feb. 19	886,215	704,910	685,350	763,435
Short sales	Feb. 19	321,210	237,170	98,420	139,270
Other sales	Feb. 19	953,688	769,910	659,434	796,565
Total sales	Feb. 19	1,274,898	1,007,080	757,854	935,835
Total round-lot transactions for account of members—					
Total purchases	Feb. 19	3,955,375	3,145,270	3,077,480	3,959,365
Short sales	Feb. 19	829,890	549,520	480,670	631,350
Other sales	Feb. 19	3,788,958	2,875,600	2,716,194	3,383,545
Total sales	Feb. 19	4,618,848	3,425,120	3,196,864	4,014,895
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Feb. 19	2,140,433	1,760,240	1,973,226	1,939,608
Dollar value	Feb. 19	$103,896,342	$83,328,951	$99,080,818	$99,429,957
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 19	1,564,049	1,294,343	1,430,227	1,683,681
Customers' short sales	Feb. 19	21,333	18,227	9,329	8,545
Customers' other sales	Feb. 19	1,542,716	1,276,116	1,420,898	1,675,136
Dollar value	Feb. 19	$75,901,995	$62,103,373	$71,116,925	$81,199,968
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 19	358,770	274,810	305,700	440,080
Short sales	Feb. 19	------	------	------	------
Other sales	Feb. 19	358,770	274,810	305,700	440,080
Round-lot purchases by dealers— Number of shares	Feb. 19	911,410	733,960	848,530	734,765
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Feb. 19	1,110,940	777,960	570,610	740,140
Other sales	Feb. 19	16,633,110	13,032,960	14,059,640	18,586,090
Total sales	Feb. 19	17,744,050	13,810,920	14,630,250	19,326,230
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 8	119.7	119.4	119.2	119.3
Farm products	Mar. 8	89.0	87.7	87.0	90.5
Processed foods	Mar. 8	107.2	106.7	105.5	107.2
Meats	Mar. 8	96.1	94.6	90.8	99.3
All commodities other than farm and foods	Mar. 8	128.5	128.5	128.6	127.7

*Revised figure. ¶Includes 947,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Month Latest	Month Previous	Ago Year
AMERICAN PETROLEUM INSTITUTE—Month of December:			
Total domestic production (barrels of 42 gallons each)	252,125,000	237,067,000	248,000,000
Domestic crude oil output (barrels)	222,969,000	209,449,000	221,210,000
Natural gasoline output (barrels)	29,139,000	27,601,000	26,755,000
Benzol output (barrels)	17,000	17,000	35,000
Crude oil imports (barrels)	31,879,000	29,421,000	33,434,000
Refined product imports (barrels)	29,084,000	25,458,000	33,955,000
Indicated consumption domestic and export (barrels)	341,574,000	301,332,000	357,898,000
Decrease all stocks (barrels)	28,486,000	9,386,000	42,509,000
AMERICAN ZINC INSTITUTE, INC.—Month of February:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	74,738	73,326	71,174
Shipments (tons of 2,000 pounds)	82,147	83,274	66,490
Stocks at end of period (tons)	137,062	144,471	200,461
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of January (Millions of dollars):			
Manufacturing	$53,500	$52,900	$49,800
Wholesale	12,700	12,600	11,800
Retail	23,600	23,400	23,400
Total	$89,800	$88,800	$85,000
COAL EXPORTS (BUREAU OF MINES)—Month of January:			
U. S. exports of Pennsylvania anthracite (net tons)	100,577	152,741	180,942
To North and Central America (net tons)	100,571	110,490	162,972
To Europe (net tons)	------	42,146	17,970
To South America (net tons)	6	5	------
COKE (BUREAU OF MINES)—Month of Jan.:			
Production (net tons)	6,290,286	6,140,560	5,614,533
Oven coke (net tons)	6,186,430	6,051,720	5,532,755
Beehive coke (net tons)	103,856	88,840	81,778
Oven coke stock at end of month (net tons)	4,041,146	4,505,053	3,792,667
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of January 31:			
Total consumer credit	$51,356	$52,046	$45,094
Instalment credit	39,358	39,482	34,029
Automobile	16,568	16,590	14,271
Other consumer goods	10,129	10,243	8,833
Repairs and modernization loans	2,691	2,704	2,330
Personal loans	9,970	9,945	8,595
Noninstalment credit	11,998	12,564	11,065
Single payment loans	4,092	4,176	3,599
Charge accounts	4,816	5,351	4,619
Service credit	3,090	3,037	2,847
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of January	734,652	799,935	690,088
In consuming establishments as of Jan. 30	1,791,660	1,572,679	1,577,644
In public storage as of Jan. 30	12,330,114	13,690,607	12,275,968
Linters—Consumed month of January	114,880	130,805	100,734
Stocks Jan. 30	587,815	585,430	863,816
Cotton spindles active as of Jan. 30	17,678,000	17,709,000	17,636,000
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM — 1947-49 Average=100—Month of February:			
Adjusted for seasonal variation	140	*146	140
Without seasonal adjustment	106	*111	107
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of December (000's omitted)	54,656,480	51,688,432	50,337,407
Revenue from ultimate customers—Month of December	$916,555,000	$881,613,000	$848,962,000
Number of ultimate customers at Dec. 31	57,504,761	51,688,432	50,337,407
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of February:			
Total number of vehicles	788,367	811,438	579,415
Number of passenger cars	660,109	688,806	479,097
Number of motor trucks	127,928	122,237	198,753
Number of motor coaches	330	395	160
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of January:			
Total operating revenues	$789,265,270	$845,788,860	$784,161,653
Total operating expenses	633,867,856	654,337,348	644,544,329
Taxes	84,362,913	88,445,465	78,905,591
Net railway operating income before charges	43,566,271	77,348,400	36,093,881
Net income after charges (estimated)	30,000,000	90,000,000	21,000,000
RUBBER MANUFACTURING ASSOCIATION INC.—Month of January:			
Passenger and Motorcycle Tires (Number of)			
Shipments	10,029,687	6,849,094	8,719,558
Production	9,010,575	8,348,905	8,863,090
Inventory	22,566,918	23,599,172	18,018,977
Truck and Bus Tires (Number of)—			
Shipments	1,292,258	1,098,667	1,090,063
Production	1,314,809	1,300,575	1,324,927
Inventories	3,376,343	3,355,382	3,397,711
Tractor Implement Tires (Number of)—			
Shipments	334,207	214,847	343,906
Production	301,605	274,273	376,869
Inventory	1,033,324	1,060,758	953,625
Passenger, Motorcycle, Truck and Bus Inner-Tubes (Number of)—			
Shipments	5,390,897	3,135,185	4,800,057
Production	3,899,369	3,611,733	3,805,739
Inventory	8,923,924	10,535,652	7,562,749
Tread Rubber (Camelback)—			
Shipments (pounds)	36,448,000	39,846,000	38,118,000
Production (pounds)	37,994,000	*39,208,000	41,290,000
Inventory (pounds)	30,354,000	28,968,000	30,816,000
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of Jan. (000's omitted):			
Exports	$1,560,300	$1,674,500	$1,400,400
Imports	1,129,000	1,477,800	1,154,200
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Feb. 29	$290,718,804	$291,214,777	$285,215,969
General funds balance	5,311,484	4,861,597	5,274,249
Net debt	$285,407,320	$286,353,180	$279,941,720
Computed annual rate	3.378%	3.334%	2.781%
U. S. GOVT. STATUTORY DEBT LIMITATION—As of Feb. 29 (000's omitted):			
Total face amount that may be outstanding at any time	$295,000,000	$295,000,000	$288,000,000
Outstanding—			
Total gross public debt	290,583,412	291,084,698	285,103,661
Guaranteed obligations not owned by the Treasury	135,392	130,078	112,308
Total gross public debt and guaranteed obligations	$290,718,804	$291,214,777	$285,215,969
Deduct—Other outstanding public debt obligations not subject to debt limitation	409,671	410,357	422,602
Grand total outstanding	$290,309,132	$290,804,420	$284,793,367
Balance face amount of obligations issuable under above authority	4,690,877	4,195,759	3,206,633

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

• (A. R.) Abrams, Inc. (3/28)
Feb. 25 (letter of notification) 60,000 shares of common stock (par $1) of which 20,000 shares are being offered by Mr. & Mrs. A. R. Abrams. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—362 Jones Avenue, N. W., Atlanta, Ga. **Underwriter**—E. F. Hutton & Co., Atlanta, Ga., and New York City.

Acme Wholesale Corp.
Jan. 21 (letter of notification) 295,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase merchandise for payment of notes and accounts payable, and for advertising and other expenses. **Office**—410 Studekum Bldg., Nashville, Tenn. **Underwriter** — Crescent Securities Co., Inc., Bowling Green, Ky.

★ Aero Industries, Inc.
March 11 filed 250,000 shares of common stock (par 25 cents). **Price** — $3.30 per share. **Proceeds** — For new equipment, expansion of the business, and general corporate purposes. **Office**—Pottstown, Pa. **Underwriter**—Myron A. Lomasney & Co. of New York City.

• Aerosol Corp. of America (3/21)
Feb. 5 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To repay bank indebtedness, for advertising, and for working capital. **Office** — 328 Washington St., Wellesley, Mass. **Underwriter**—Clayton Securities Corp., Boston, Mass.

Agricultural Research Development, Inc.
Jan. 25 filed 200,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To purchase land, to construct buildings, and provide necessary equipment and capital to engage in a hog raising enterprise. **Office**—Wiggins, Colo. **Underwriter**—W. Edward Tague Co., Pittsburgh, Pa.

Alabama Power Co. (4/7)
March 4 filed $19,500,000 of first mortgage bonds dated April 1, 1960 and due April 1, 1990. **Proceeds**—For construction, and repayment of short-term bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers; The First Boston Corp.; Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly). **Information Meeting**—Scheduled for April 4, 1960. **Bids**—To be received at the office of the company's service company, Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y., before 11 a.m., New York Time, on April 7, 1960.

• Alaska Consolidated Oil Co., Inc.
Sept. 17 filed 3,000,000 shares of common stock (par five cents), subsequently reduced to 1,250,000 shares. **Price**—$2.50 per share. **Proceeds**—For further development and exploration of the oil and gas potential of the company's Alaska properties. **Office**—80 Wall Street, New York. **Underwriter**—C. B. Whitaker, A. J. Zappa & Co., Inc., New York. **Offering**—Expected in March.

Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Offering**—Expected in March.

• Ameche-Gino Foods, Inc.
Feb. 18 (letter of notification) 99,875 shares of common stock, class A (no par). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—Ameche's Drive-In, Loch Raven Boulevard & Taylor Avenue, Towson, Md. **Underwriter**—Stein Bros. & Boyce, Baltimore, Md. **Offering**—Expected in early April.

• American Bowling Enterprises, Inc. (4/4-8)
Feb. 25 filed 100,000 shares of common stock (par $1), and 100,000 class A purchase warrants, to be offered in units of one warrant with each share. The class A warrants give the right to purchase the stock at $7.50 per share for the first six months, at $8.50 per share from the seventh to the 24th month, and at $9 per share from the 25th to the 30th month. **Price**—$7.50 per unit. **Proceeds**—For the construction of new bowling centers. **Office** — Rochester, N. Y. **Underwriter** — Myron A. Lomasney & Co., New York City.

American Frontier Life Insurance Co.
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds** — To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

American Industries Life Insurance Co.
Dec. 18 filed 316,667 shares of class A common and 50,000 shares of class B common, of which 50,000 shares of the class A and all (50,000) of the class B have been subscribed to by Foundation Life Insurance Co., and 16,667 shares of the class A are reserved for issuance upon the exercise of an option granted an agency director. **Price**—$4.50 per share (for the 250,000 shares to be publicly offered). **Proceeds**—For capital and surplus of the 13-month-old company. **Office**—Title & Trust Bldg., Phoenix, Arizona. **Underwriter**—None.

American Land Co.
Dec. 14 filed 300,000 shares of class A preference stock ($15 par) and 300,000 shares of common stock, to be offered in units of one share of preference and one share of common. **Price**—To be supplied by amendment. **Proceeds**—For property acquisition and development. **Office**—49 E. 53rd Street, New York City. **Underwriter**—Hemphill, Noyes & Co. **Offering**—Indefinitely delayed.

American Metropolitan Investment Co.
March 4 filed 103,400 shares of class A and 10,340 shares of class B stock. The company proposes to offer said class A and B stock for subscription by holders of outstanding class B stock, at $132 per unit, each unit to consist of one class B and 10 class A shares (reflecting a price of $12 per share). **Proceeds**—Principally for development of certain of its properties. **Office**—900 Woodward Bldg., Washington, D. C. **Underwriter**—None.

• American Molded Fiberglass Co. (3/28-4/1)
Jan. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—85 Fifth Ave., Paterson, N. J. **Underwriter** — Michael Fieldman, 82 Beaver St., New York, N. Y.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

• American Telemail Service, Inc. (4/4-8)
Dec. 8 filed 375,000 shares of common stock. **Price**—$4.00 per share. **Proceeds**—For establishing airmail facilities at airports. **Office**—518 Felt Bldg., Salt Lake City, Utah. **Underwriter**—Edgar B. Hunt Co., New York City.

★ Analab Instrument Corp.
March 10 (letter of notification) 24,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 30 Canfield Road, Cedar Grove, N. J. **Underwriter**—None.

Ansonia Wire & Cable Co.
Jan. 28 (letter of notification) 74,800 shares of common stock (par $1) to be offered to stockholders on the basis of 7 new shares for each 10 shares held, with rights to expire on April 1. **Price**—$4 per share. **Proceeds**—To repay a current debt and for working capital. **Office**—111 Martin Street, Ashton, R. I. **Underwriter**—Lapham & Co., 40 Exchange Place, New York, N. Y.

★ Applied Electronics Corp. of N. J.
March 11 filed 200,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—$45,000 is to be used for the purchase of stock of Diversified Industries Corp.; $33,000 for repayment of indebtedness owing to management officials; $150,000 for the establishment of laboratory and sales facilities in Dallas and sales and service facilities in Los Angeles; $200,000 for research and development; and the balance for working capital. **Office**—22 Center St., Metuchen, N. J. **Underwriter**—S. D. Fuller & Co., New York.

Arcs Industries, Inc. (3/21-25)
Feb. 10 filed 100,000 shares of common stock (par 10 cents). **Price**—$3.75 per share. **Proceeds**—To discharge indebtedness; advances for research and development; to buy equipment and the balance for general corporate purposes. **Office**—Merrick Road, Bellmore, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York, N. Y.

Arrivals, Ltd.
Jan. 29 (letter of notification) 44,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—203 N. Wabash Ave., Chicago, Ill. **Underwriter**—Craig-Hallum, Inc., Minneapolis, Minn.

Automation Systems, Inc. (4/5)
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—150-34 12th Avenue, Whitestone 57, N. Y. **Underwriter**—B. Fennekohl & Co., Inc., New York, N. Y.

• Aviation Employees Corp. (3/31)
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—G. J. Mitchell Jr. Co., Washington, D. C.; and Ralph B. Leonard & Sons, Inc., of New York City.

Avis, Inc. (4/11-15)
March 1 filed $5,000,000 of subordinated convertible debentures, due 1970, and 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—The company anticipates that a portion will be used for advances to or investments in one or more of its subsidiaries for their general business purposes. In addition the company may also apply a portion of the proceeds to the acquisition of additional businesses and to the prepayment of part of its outstanding long-term debt and to the temporary reduction of outstanding borrowings under a 6% revolving credit loan. **Office**—18 Irvington Street, Boston, Mass. **Underwriter**—W. E. Hutton & Co., New York.

• Baltimore Paint & Chemical Corp. (3/22-25)
Jan. 22 filed (a) $750,000 of sinking fund debentures, 6½ series, due 1975 with eight-year warrants for the purchase of 22,500 common shares at the rate of 30 shares for each $1,000 of debentures; (b) 90,000 shares of 6½% cumulative convertible first preferred stock; and (c) $750,000 of 6¼% first mortgage bonds, due 1972, sold to New York Life Insurance Co., along with 12-year warrants granted said insurance company to purchase 15,000 shares of the issuer's common at a price to be specified. **Prices**—For the debentures, at par; for the preferred, $20 per share. **Proceeds**—For general corporate purposes including repayment of loan, purchase of land, construction, purchase of machinery and equipment, and for working capital. **Office**—2325 Annapolis Avenue, Baltimore, Md. **Underwriter**—P. W. Brooks & Co., New York City.

Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J. **Offering**—Expected any day.

• Barnes Engineering Co. (3/18)
Feb. 9 filed 50,000 shares of common stock (par $1), of which 22,000 are for the account of the issuing company and 28,000 are for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To pay off notes, for expansion and for general corporate purposes. **Office**—Stamford, Conn. **Underwriter**—Hayden, Stone & Co.

★ Barry Finance, Inc.
March 4 (letter of notification) $250,000 of bonds. **Price**—At face value. **Proceeds**—For working capital. **Office**—919 18th St., N. W., Washington, D. C. **Underwriter**—None.

Beltone Recording Corp.
Feb. 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—4 W. 31st Street, New York 1, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York, N. Y.

• Bobbie Brooks, Inc. (3/22-23)
Feb. 15 filed 200,000 shares of capital stock, as adjusted for the proposed two-for-one stock split to be voted on at a shareholders' meeting Feb. 24, 1960. Of the shares to be offered, 100,000 shares are to be sold by the company and 100,000 are to be sold by selling stockholders. **Price** — To be supplied by amendment. **Office** — 3830 Kelley Ave., Cleveland 14, Ohio. **Proceeds**—To be used for property improvements and working capital. **Underwriter**—Bache & Co., New York.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Border Steel Rolling Mills, Inc.
Sept. 14 filed 226,380 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

• Briggs Associates, Inc.
Feb. 23 (letter of notification) 44,470 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To purchase additional shop and laboratory facilities; for research and development of new products and working capital. **Office**—No. 10 DeKalb Street, Norristown, Pa. **Underwriter**—F. P. Ristin & Co., Philadelphia, Pa., does not expect a dealer group to be formed.

• Britton Electronics Corp. (3/28-4/1)
Jan. 19 (letter of notification) 225,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—19 Warren Place, Mt. Vernon, N. Y. **Underwriter**—First Philadelphia Corp., New York, N. Y.

★ Buckeye Pipe Line Co.
March 10 filed $375,000 of interests in the company's Thrift Plan for Employees, together with 7,500 shares of common stock which may be acquired pursuant thereto. **Office**—30 Broad St., New York City.

★ Bureau of National Affairs, Inc.
Feb. 29 (letter of notification) 1,800 shares of class A common stock (no par) to be offered to employees only. **Price**—$9.50 per share. **Proceeds**—To meet current obligations and expenses. **Office**—1231 24th St., N. W., Washington, D. C. **Underwriter**—None.

• Burnell & Co. (4/4-8)
Feb. 15 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—To repay bank loan; for manufacture of magnetic amplifiers; for establishment of a new crystal filter division; for the purchase of new automatic winding and testing and production equipment; and for working capital. **Office**—10 Pelham Parkway, Pelham Manor, N. Y. **Underwriter** — Milton D. Blauner & Co., New York.

★ C. W. S. Waveguide Corp.
March 9 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—301 W.

Continued on page 36

NEW ISSUE CALENDAR

March 18 (Friday)

Barnes Engineering Co. .... Common
(Hayden, Stone & Co.) 50,000 shares

South Bay Industries, Inc. .... Class A
(Amos Treat & Co., Inc.) $1,050,000

March 21 (Monday)

Aerosol Corp. of America .... Common
(Clayton Securities Corp.) $300,000

Arcs Industries, Inc. .... Common
(Myron A. Lomasney & Co.) $375,000

Caldata, Inc. .... Common
(Robert Edelstein Co., Inc.) $187,500

Capital Airlines, Inc. .... Common
(Lehman Brothers and Smith, Barney & Co.) 909,659 shares

Computer Usage Co., Inc. .... Common
(Marron, Sloss & Co., Inc.; Roosevelt & Gourd; L. B. Schwinn & Co.; Donaldson, Luskin & Jenrette, Inc. and First Albany Corp.) $235,000

Four Acre Motel Associates .... Participations
(Syndication Investors Corp.) $220,000

Jones & Frederick, Inc. .... Common
(A. J. Frederick & Co., Inc.) $300,000

Kratter Corp. .... Common
(Offering to stockholders—underwritten by Hirsch & Co. and Lee Higginson Corp.) 130,000 shares

Kratter Corp. .... Preferred
(Offering to stockholders—underwritten by Hirsch & Co. and Lee Higginson Corp) 130,000 shares

Latrobe Steel Co. .... Capital
(Kidder, Peabody & Co.) 116,000 shares

Macco Corp. .... Common
(Kidder, Peabody & Co. and Mitchum, Jones & Templeton) 200,000 shares

Mayfair Industries, Inc. .... Common
(Emanuel Deetjen & Co.) 300,000 shares

Megadyne Electronics, Inc. .... Common
(Glenn Arthur Co., Inc.) $300,000

Meyer (Fred), Inc. .... Common
(Kidder, Peabody & Co.) 400,000 shares

Mid-America Pipeline Co. .... Common
(Bear, Stearns & Co. and White, Weld & Co.) 1,435,000 shares

Mid-America Pipeline Co. .... Debentures
(Bear, Stearns & Co. and White, Weld & Co.) $20,500,000

Missile Components Corp. .... Common
(Mortimer B. Burnside & Co., Inc.) $180,000

Mobilife Corp. .... Common
(Plymouth Bond & Share Corp.) $1,000,000

Public Service Co. of New Mexico .... Common
(Offering to stockholders—underwritten by Allen & Co.) 97,229 shares

Sunair Electronics, Inc. .... Common
(Frank Karasik & Co., Inc.) $600,000

Tayco Developments, Inc. .... Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $154,962.50

Taylor Devices, Inc. .... Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $537,788.75

Tenax, Inc. .... Common
(Myron A. Lomasney) $600,000

Universal Transistor Products Corp. .... Common
(Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc.) $300,000

Waters Manufacturing, Inc. .... Common
(Stroud & Co., Inc.) $300,000

Western Utilities Corp. .... Common
(Dean Witter & Co.) 125,000 shares

Whitmoyer Laboratories, Inc. .... Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000

Whitmoyer Laboratories, Inc. .... Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

March 22 (Tuesday)

Baltimore Paint & Chemical Corp. .... Preferred
(P. W. Brooks & Co.) $1,800,000

Baltimore Paint & Chemical Corp. .... Bonds
(P. W. Brooks & Co.) $750,000

Baltimore Paint & Chemical Corp. .... Debentures
(P. W. Brooks & Co.) $750,000

Bobbie Brooks, Inc. .... Capital
(Bache & Co.) 200,000 shares

Commerce Drug Co. .... Common
(Marron, Sloss & Co., Inc.) $585,000

Great Lakes Bowling Corp. .... Common
(Straus, Blosser & McDowell) 120,000 shares

Highway Trailer Industries, Inc. .... Debentures
(Allen & Co. and Van Alstyne, Noel & Co.) $3,000,000

Hi-Press Air Conditioning Corp. of America .... Com.
(Plymouth Securities Corp.) $600,000

Pentron Electronics Corp. .... Common
(Stanley Heller & Co.) $750,000

Phillips Developments, Inc. .... Common
(Allen & Co.; Bear, Stearns & Co. and Sutro Bros. & Co.) 400,000 shares

Yuba Consolidated Industries, Inc. .... Debentures
(Blyth & Co., Inc.) $6,000,000

March 23 (Wednesday)

Collins Radio Co. .... Debentures
(Kidder, Peabody & Co. and White, Weld & Co.) $12,000,000

Remco Industries, Inc. .... Common
(Paine, Webber, Jackson & Curtis) 100,000 shares

Standard Screw Co. .... Common
(Hornblower & Weeks) 210,000 shares

March 25 (Friday)

Carolina Pacific Plywood, Inc. .... Capital
(Peter Morgan & Co.) 100,000 shares

La Crosse Cooler Co. .... Common
(Shearson, Hammill & Co.) 100,000 shares

Universal-Cyclops Steel Corp. .... Common
(A. G. Becker & Co., Inc.) 200,000 shares

March 28 (Monday)

(A. R.) Abrams, Inc. .... Common
(E. F. Hutton & Co.) $300,000

American Molded Fiberglass Co. .... Common
(Michael Fieldman) $300,000

Britton Electronics Corp. .... Common
(First Philadelphia Corp.) $225,000

California-Pacific Utilities Co. .... Common
(Eastman Dillon, Union Securities & Co.) 87,307 shares

Edgcomb Steel Co. .... Common
(Kidder, Peabody & Co. and Schmidt, Roberts & Parke) 150,000 shares

Eldon Industries, Inc. .... Common
(Shearson, Hammill & Co. and Stern, Frank, Meyer & Fox) 150,000 shares

Forest Hills Country Club Ltd. .... Common
(Jerome Robbins & Co.) $300,000

General Instrument Corp. .... Common
(Carl M. Loeb, Rhoades & Co.) 200,000 shares

Great Southwest Corp. .... Debentures
(Glore, Forgan & Co.) $11,500,000

Great Southwest Corp. .... Common
(Glore, Forgan & Co.) 575,000 shares

Howe Plastics & Chemical Companies, Inc. .... Com.
(Hilton Securities, Inc.) $100,000

Inland Container Corp. .... Common
(Lazard Freres & Co.) 175,000 shares

Inland Credit Corp. .... Class A
(Shearson, Hammill & Co.) 190,000 shares

Missile Electronics, Inc. .... Common
(Pleasant Securities Co. of Newark) $643,500

Nu-Era Corp. .... Common
(Mortimer B. Burnside & Co., Inc.) $1,031,250

Seaboard Plywood & Lumber Corp. .... Debentures
(Peter Morgan & Co.) $300,000

Seaboard Plywood & Lumber Corp. .... Common
(Peter Morgan & Co.) 30,000 shares

Transworld Equipment Corp. .... Common
(Michael Fieldman) $279,664

March 29 (Tuesday)

Bank of California .... Stock
(Blyth & Co., Inc.) 256,930 shares

Louisiana Power & Light Co. .... Bonds
(Bids 11:30 a.m. EST) $20,000,000

Niagara Mohawk Power Co. .... Bonds
(Bids 11 a.m. EST) $50,000,000

San Diego Imperial Corp. .... Debentures
(White, Weld & Co. and J. A. Hogle & Co.) $5,000,000

San Diego Imperial Corp. .... Common
(White, Weld & Co. and J. A. Hogle & Co.) 728,531 shares

Southwestern Investment Co. .... Common
(White, Weld & Co.; Schneider, Bernet & Hickman, Inc. and The First Trust Co. of Lincoln) 75,000 shares

Southwestern Investment Co. .... Notes
(White, Weld & Co.; Schneider, Bernet & Hickman, Inc. and The First Trust Co. of Lincoln) $13,000,000

March 30 (Wednesday)

Systron-Donner Corp. .... Capital
(White, Weld & Co.) 442,700 shares

March 31 (Thursday)

Aviation Employees Corp. .... Common
(G. J. Mitchell Jr. Co. and Ralph B. Leonard & Sons, Inc.) $5,000,000

St. Regis Paper Co. .... Common
(White, Weld & Co. and A. G. Becker & Co.) 306,787 shares

April 1 (Friday)

Goddard, Inc. .... Common
(Robert L. Ferman & Co., and Godfrey, Hamilton, Magnus & Co., Inc.) $497,250

Pacemaker Boat Trailer Co., Inc. .... Common
(Jacey Securities Co. and First City Securities, Inc.) $300,000

Sutton Leasing Corp. .... Common
(T. M. Kirsch Co.) $300,000

April 4 (Monday)

American Bowling Enterprises, Inc. .... Common
(Myron A. Lomasney & Co.) 100,000 shares

American Bowling Enterprises, Inc. .... Warrants
(Myron A. Lomasney & Co.) 100,000 warrants

American Telemail Service, Inc. .... Common
(Edgar B. Hunt Co.) $1,500,000

Burnell & Co. .... Common
(Milton D. Blauner & Co.) $600,000

Captains Club, Inc. .... Common
(G. Everett Parks & Co., Inc. and Sulco Securities, Inc.) $1,000,000

Circuit Foil Corp. .... Common
(Hayden, Stone & Co.) 106,000 shares

Dworman Corp. .... Common
(Charles Plohn & Co.) $3,000,000

Hill's Supermarkets, Inc. .... Common
(Kidder, Peabody & Co.) 100,000 shares

Keystone Electronics Co., Inc. .... Common
(J. A. Winston & Co., Inc. and Netherlands Securities, Inc.) $600,000

Seneca Gas & Oil Corp. .... Common
(Edgar B. Hunt Co.) $300,000

Sterilon Corp. .... Common
(Shields & Co.) 100,000 shares

April 5 (Tuesday)

Automation Systems, Inc. .... Common
(B. Fennekohl & Co., Inc.) $150,000

Carolina Power & Light Co. .... Bonds
(Bids 11 a.m. EST) $25,000,000

Liberty Loan Corp. .... Preference
(Riter & Co.; Edward D. Jones & Co. and Bache & Co.) 120,000 shares

Northern Pacific RR. .... Equip. Trust Ctfs.
(Bids to be invited) $6,495,000

April 6 (Wednesday)

Commonwealth Edison Co. .... Bonds
(Bids to be invited) $30,000,000

April 7 (Thursday)

Alabama Power Co. .... Bonds
(Bids 11 a.m. EST) $19,500,000

April 8 (Friday)

Haloid Xerox, Inc. .... Common
(The First Boston Corp.—offering to stockholders) 333,213 shares

April 11 (Monday)

Aero Industries, Inc. .... Common
(Myron A. Lomasney & Co.) $825,000

Avis, Inc. .... Common
(W. E. Hutton & Co.) 20,000 shares

Avis, Inc. .... Debentures
(W. E. Hutton & Co.) $5,000,000

Figurette, Ltd. .... Common
(Myron A. Lomasney & Co.) $600,000

National Fuel Gas Co. .... Debentures
(Bids 11:30 a.m. EST)

Nesbitt (John J.), Inc. .... Common
(Hornblower & Weeks) 120,000 shares

Precision Circuits, Inc. .... Common
(Myron A. Lomasney & Co.) 37,500 shares

Precision Circuits, Inc. .... Debentures
(Myron A. Lomasney & Co.) $250,000

Teletray Electronic Systems, Inc. .... Common
(A. T. Brod & Co.) $450,000

Tool Research & Engineering Corp. .... Common
(Shields & Co.) 350,000 shares

Wells Industries Corp. .... Common
(A. T. Brod & Co.) 300,000 shares

April 12 (Tuesday)

Mountain States Telephone & Telegraph Co. .... Debentures
(Bids to be invited) $40,000,000

Standard Motor Products, Inc. .... Capital
(Eastman Dillon, Union Securities & Co.) 296,460 shares

West Penn Electric Co. .... Common
(Carl M. Loeb, Rhoades & Co.; The First Boston Corp.; Lehman Brothers; Goldman, Sachs & Co.) $10,000,000 (Bids 3:45 p.m. EST)

April 13 (Wednesday)

Iowa-Illinois Gas & Electric Co. .... Bonds
(Bids 10:30 a.m. CST) $15,000,000

U. S. Plywood Corp. .... Debentures
(Eastman Dillon, Union Securities & Co.) $25,000,000

April 18 (Monday)

Harn Corp. .... Common
(Arnold Malkan & Co., Inc. and Street & Co., Inc.) $750,000

Mills Factors Corp. .... Common
(Lee Higginson Corp. and C. E. Unterberg, Towbin Co.) 201,200-270,000 shares

United Components, Inc. .... Common
(Darius, Inc.) 110,000 shares

April 20 (Wednesday)

Microdot Inc. .... Capital
(White, Weld & Co.) 204,000 shares

Middle South Utilities, Inc. .... Common
(Bids to be invited) 650,000 shares

Puget Sound Power & Light Co. .... Bonds
(Bids 12 noon EST) $20,000,000

Transcontinental Gas Pipe Line Corp. .... Bonds
(White, Weld & Co. and Stone & Webster Securities Corp.) $35,000,000

Transcontinental Gas Pipe Line Corp. .... Common
(White, Weld & Co. and Stone & Webster Securities Corp.) 800,000 shares

April 25 (Monday)

Pacific Panel Co. .... Common
(Frank Karasik & Co., Inc.) $450,000

Union Financial Corp. .... Common
(White, Weld & Co.; The Ohio Co. and Sanders & Co.) 325,000 shares

April 26 (Tuesday)

Metropolitan Edison Co. .... Bonds
(Bids 11 a.m. EST) $15,000,000

May 5 (Thursday)

Columbia Gas System, Inc. .... Common
(Bids to be invited) 1,400,000 shares

May 9 (Monday)

Pennsylvania Electric Co. .... Bonds
(Bids 12 noon EST) $12,000,000

May 10 (Tuesday)

California Electric Power Co. .... Bonds
(Bids 9 a.m. PST) $12,000,000

Goelet Corp. .... Debentures
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000

Goelet Corp. .... Common
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares

Goelet Corp. .... Warrants
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000

Wisconsin Telephone Co. .... Debentures
(Bids to be invited) $20,000,000

May 24 (Tuesday)

Jersey Central Power & Light Co. .... Bonds
(Bids 11:00 a.m. N. Y. time) $7,000,000

June 2 (Thursday)

Southern Electric Generating Co. .... Bonds
(Bids to be invited) $40,000,000

July 1 (Friday)

Tennessee Valley Authority .... Bonds
(Bids to be invited) $50,000,000

July 7 (Thursday)

Gulf Power Co. .... Preferred
(Bids to be invited) $5,000,000

Gulf Power Co. .... Bonds
(Bids to be invited) $5,000,000

July 19 (Tuesday)

New Jersey Power & Light Co. .... Bonds
(Bids to be invited) $6,000,000

September 13 (Tuesday)

Virginia Electric & Power Co. .... Bonds
(Bids to be invited) $25,000,000

November 3 (Thursday)

Georgia Power Co. .... Bonds
(Bids to be invited) $12,000,000

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Hoffman Ave., Lindenhurst, N. Y. **Underwriter**—R. F. Dowd & Co., Inc., 39 Broadway, New York 6, N. Y.

• Caldata, Inc. (3/21-31)
Feb. 15 (letter of notification) 75,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—To repay bank loans, for research and development, reserve, and for working capital. **Office**—11431 Joanne Place, Los Angeles, Calif. **Underwriter**—Robert Edelstein Co., Inc., New York, N. Y.

• California-Pacific Utilities Co. (3/28-4/1)
March 7 filed 87,307 shares of common stock. Of the shares to be sold, 40,000 will be offered for the account of the company, and the remaining 47,307 are presently outstanding shares and will be sold for the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To finance a portion of the company's construction program. **Office**—405 Montgomery Street, San Francisco, Calif. **Underwriter**—Eastman Dillon, Union Securities Co., New York City.

★ Canadian Husky Oil Ltd.
March 10 filed 3,078,239 shares of common stock. These shares are to be offered in exchange for shares of the common stock of Husky Oil Co. (of Cody, Wyo.) on the basis of eight shares of Canadian Husky for nine shares of Husky Oil. While Canadian Husky proposes to acquire all the outstanding shares of Husky Oil common, the exchange offer is conditioned upon its acquisition of not less than 80% of the total number of shares of common and preferred stock of Husky Oil outstanding. **Office**—815 Sixth St., S. W., Calgary, Alberta, Canada.

Capital Airlines, Inc. (3/21)
Jan. 26 filed 909,659 shares of common stock on the basis of one additional share for each share held, with rights to expire 14 days after offering date. **Proceeds** — To broaden equity base. **Office** — Washington National Airport, Washington 1, D. C. **Underwriters** — Lehman Brothers and Smith, Barney & Co., New York, N. Y.

Captains Club, Inc. (4/4-8)
Jan. 22 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For retirement of $52,860 of 6% notes and the balance for operating funds and working capital. **Office**—381 Fifth Avenue, New York City. **Underwriters**—G. Everett Parks & Co., Inc., and Sulco Securities, Inc., both of 52 Broadway, New York City.

Carolina Pacific Plywood, Inc., Medford, Ore. (3/25)
Feb. 29 filed 100,000 shares of capital stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To increase the company's working capital and to aid in financing log inventories at peak periods. **Underwriter**—Peter Morgan & Co., New York.

Carolina Power & Light Co. (4/5)
March 4 filed $25,000,000 of first mortgage bonds, series due 1990. **Proceeds**—To be used to (1) repay temporary bank loans of $18,500,000 used in connection with the company's construction program and (2) for the construction of additional facilities. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Kuhn, Loeb & Co. and Equitable Securities Corp. (jointly); Lehman Brothers; Blyth & Co., Inc. **Bids**—Expected to be received on April 5 at 11:00 a.m. **Information Meeting**—Scheduled for April 1 at 11:00 a.m.

Carolina Telephone & Telegraph Co.
Feb. 19 filed 176,319 shares of common capital stock, to be offered for subscription by stockholders of record March 15, 1960, in the ratio of one new share for each 10 shares then held; rights expire April 7. The company is also seeking registration of an additional 20,000 shares of its common capital stock to be offered under an Employee Stock Plan. **Price**—$20 per share for rights offering. **Proceeds**—To reduce short-term bank notes. **Underwriter**—None.

Central Cooperatives, Inc.
Feb. 17 filed $1,500,000 of 15-year 5½% series A debenture bonds, $500,000 of 10-year 5% series A debenture bonds, and 10,000 shares of 4% cumulative preferred stock. **Price**—For debenture bonds, 100% of principal amount; $25 per preferred share. **Proceeds**—To be added to the cooperatives general fund and the major portion thereof will be applied to the construction of a new warehouse and central office building; and a portion of the proceeds will be applied to retirement of maturing promissory notes and for working capital. **Office**—1901 Winter St., Superior, Wis. **Underwriter**—None.

Century Properties
Jan. 25 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For repayment of unsecured bank loans; for payment of the balance of a down payment on the purchase price of property in Ventura, Calif.; to pay the balance of construction costs on a building in Torrance, Calif. and for working capital. **Office**—1738 S. La Cienga Boulevard, Los Angeles, Calif. **Underwriter**—Daniel Reeves & Co., Beverly Hills, Calif.

Certified Credit & Thrift Corp.
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. **Price**—$20.20 per unit. **Proceeds**—To pay mortgages. **Office**—Columbus, Ohio. **Underwriter**—Commonwealth Securities Corp., Columbus.

Charlotte Motor Speedway, Inc.
Jan. 21 filed 304,000 shares of common stock, to be offered to common stockholders of record Jan. 1 at the rate of two new shares for each three shares then held. **Price**—$2 per share, initially; after 15 days from the offering date, the underwriter will offer unsubscribed shares to purchasing stockholders for an additional 10 days, after which such shares may be publicly offered. **Proceeds**—For construction of a speedway and its accessories. The issuer expects to stage its first stock car race in May. **Office**—108 Liberty Life Building, Charlotte, N. C. **Underwriter**—Morrison & Co., Charlotte.

★ Chock Full O'Nuts Corp.
March 15 filed 126,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To Columbia University, the selling stockholder, who was the recipient of this block as a gift from William Black, founder and president of Chock Full O'Nuts. **Underwriter** — F. Eberstadt & Co., New York.

★ Chrysler Corp.
March 10 filed $10,000,000 of interests or participations in the company's Thrift-Stock Ownership Program, together with 175,000 shares which may be acquired pursuant thereto. **Office**—341 Massachusetts Ave., Highland Park, Mich.

Circuit Foil Corp. (4/4)
March 1 filed 106,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 6,000 are outstanding and will be sold for the account of the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For purchase, construction and installation of new machines; for the initial financing of a new copper foil plant; and for working capital. **Office**—East Park Street, Bordentown, N. J. **Underwriter**—Hayden, Stone & Co., New York.

Circuitronics, Inc.
Feb. 9 (letter of notification) 75,000 shares of class A common stock (par one cent). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—121 Varick Street, New York, N. Y. **Underwriter**—Lloyd, Miller & Co., 2605 Connecticut Avenue, N. W., Washington, D. C.

★ Cities Service Co.
March 11 filed $11,895,000 of Participations in the company's Employees Thrift Plan, together with 275,000 common shares which may be acquired pursuant thereto. **Office**—60 Wall Street, New York.

Colanco, Inc.
Jan. 19 (letter of notification) 300,000 shares of preferred (no par), seven cents per share dividend paying after March 1, 1962, non-cumulative, non-voting stock. **Price**—$1 per share. **Proceeds**—To purchase land and for development and working capital. **Office**—3395 S. Bannock Street, Englewood, Colo. **Underwriter**—Diversified Securities, Inc., Englewood, Colo.

Collins Radio Co. (3/23)
Feb. 17 filed $12,000,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office**—Cedar Rapids, Iowa. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co., both of New York City.

Combined Electronics Inc.
Oct. 30 filed 800,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes, inclding expansion, new product development, and working capital. **Office**—135 S. La Salle Street, Chicago, Ill. **Underwriter**—David Johnson & Associates, Inc., Indianapolis, Ind., on a "best efforts" basis. **Offering**—Expected shortly.

• Commerce Drug Co. (3/22-25)
Nov. 30 filed 90,000 shares of common stock (par 50c). **Price**—$6.50 per share. **Proceeds**—To selling stockholders. **Office**—505 Court St., Brooklyn, N. Y. **Underwriter**—Marron, Sloss & Co., Inc., New York City.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

★ Commonwealth Edison Co. (4/6)
March 10 filed $30,000,000 of series U first mortgage bonds, dated March 1, 1960 and due March 1, 1990. **Proceeds** — To be added to working capital for ultimate application toward the cost of gross additions to the electric utility properties of the company and its subsidiaries. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Bids**—To be delivered at Room 1820, 72 West Adams St., Chicago 90, Ill., at or before 9:30 a.m. Chicago Time, on April 6, 1960, subject to the right of the company to postpone the time of submission of bids for a period not exceeding 30 days in the aggregate.

• Computer Usage Co., Inc. (3/21-25)
Dec. 29 (letter of notification) 47,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriters** — Marron, Sloss & Co., Inc. (handling the books), and Roosevelt & Gourd, New York, N. Y.; L. B. Schwinn & Co., Cleveland, Ohio; Donaldson, Luskin & Jenrette, Inc., New York, N. Y. and First Albany Corp., Albany, N. Y.

Consolidated Oil & Gas, Inc., Denver, Colo.
Feb. 24 filed 140,748 shares of common stock and warrants for the purchase of 422,234 shares of common stock. The company proposes to offer its common stockholders of record March 25, 1960, the right to subscribe for one common share and warrants for the purchase of three common shares for each 10 common shares then held. The registration statement also included an additional 205,277 of outstanding shares which may be offered for sale by the present holders thereof, and 100,000 shares to be offered by the company for certain properties. **Price**—For rights offering, to be supplied by amendment. **Proceeds**—For reduction of current indebtedness; for drilling and completion, if warranted, of development wells; to rework, deepen and complete, if warranted, exploratory wells, and the balance of general corporate purposes. **Underwriter**—None.

★ Consolidated Realty Investment Corp.
March 11 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—Of the proceeds, $1,226,500 will be used for the acquisition of properties, $300,000 as a reserve for development expense, and the balance for working capital and other corporate purposes. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp.

Consolidated Water Co.
Dec. 30 (letter of notification) 24,900 shares of class A common stock (par $10). **Price**—$12 per share. **Proceeds** — To pay in part bank loans. **Office** — 327 S. La Salle Street, Chicago, Ill. **Underwriters**—Milwaukee Co., Milwaukee, Wis. and Indianapolis Bond & Share Corp., Indianapolis, Ind.

• Continental Electric Co.
Feb. 11 filed 260,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans, for expansion and development of new products, and for working capital. **Office** — 715 Hamilton St., Geneva, Ill. **Underwriter**—Old Colony Investment Co., Stoneham, Mass.

Control Electronics Co., Inc.
Dec. 23 filed 165,000 shares of common stock (par $3). **Price**—At par. **Proceeds**—To repay $80,000 of bank loans; $50,000 to replace working capital expended for equipment and machinery; $50,000 to increase sales efforts, including the organization of sales offices on the West Coast and in the Chicago areas; and $50,000 to further development of delay lines, filters and microwave devices. The balance of the proceeds will be added to working capital. **Office** — 10 Stepar Place, Huntington Station, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc., David Finkle & Co. and Gartman, Rose & Feuer, all of New York. **Offering**—Expected in late March.

• Cosnat Record Distributing Corp.
Feb. 29 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—315 W. 47th Street, New York, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y. **Offering**—Expected sometime in April.

Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter**—To be supplied by amendment.

★ (Robert K.) Cutter Co.
March 14 filed 80,910 shares of class A and 3,280 shares of class B common stock. According to the prospectus, Cutter Laboratories, a California company, in May 1960 will be merged with and into Robert K. Cutter Co., a Delaware company, and the name of which will be changed to Cutter Laboratories, Inc. Under the merger agreement, the latter will assume the Cutter Laboratories Stock Purchase Plan and Selected Employees' Stock Option Plan, which will then relate to shares of the class A and class B common stocks of Cutter Laboratories, Inc., now sought to be registered. **Office**—Fourth and Parker Sts., Berkeley, Calif.

Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

★ Detroit Steel Corp.
March 14 filed 1,680,844 shares of common stock. The company proposes to offer this stock in exchange for outstanding shares of the common stock of Portsmouth Corp. on the basis of 1.55 shares of Detroit Steel common for each share of Portsmouth common. Shareholders of Detroit Steel will be asked to approve on April 11, 1960, a plan of reorganization providing for the purchase of Portsmouth stock pursuant to said exchange offer. The offer will be declared effective if 80% or more of the stock is tendered in exchange.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

• Don Mott Associates, Inc.
Oct. 27 filed 161,750 shares of class B, non-voting, common stock (par $5). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon H. Sullivan, Inc., Philadelphia, Pa., on a "best efforts" basis.

• Dworman Corp. (4/4-8)
Jan. 15 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—400 Park Avenue, New York City. **Underwriter**—Charles Plohn & Co., New York City.

★ Dynex, Inc.
March 15 filed 54,000 common shares (25 cents par) and warrants for an additional 5,000 shares of this stock. The company proposes to make a public offering of 30,000 shares. Of the additional 24,000 shares, 20,000 are being issued in escrow for the account of, and may be resold by, the holders of capital stock and certain creditors of Matronics, Inc., after July 22, 1960 at the then prevailing market price; and 4,000 shares for the account of the holders of the common stock and a creditor of Optics Manufacturing Corp. The 5,000 warrants are being issued to stockholders and certain creditors of Matronics, Inc. **Price**—To be supplied by amendment. **Proceeds**—To finance the activities of the two newly-acquired concerns, to finance the starting of inventories and advertising incident to new products, to purchase additional equipment and inventory for the manufacture and production of contracts for other concerns, and to expand the scope of the company's business. **Office**—123 Eileen Way, Syosset, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price**—$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York.

Edgcomb Steel Co. (3/28-4/1)
Feb. 18 filed 150,000 outstanding shares of common stock ($5 par). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—D St. below Erie Ave., Philadelphia, Pa. **Underwriters** — Kidder, Peabody & Co. of New York and Philadelphia; and Schmidt, Robert & Parke, of Philadelphia.

Eldon Industries, Inc. (3/28-4/1)
Feb. 15 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay $250,000 of borrowings used to purchase additional tooling for manufacture of new products; $200,000 to repay borrowings obtained to fund the purchase of Astral Electric Co., Ltd.; $200,000 to defray the cost of leasehold improvements and in moving expenses in connection with the occupancy of its new plant at Hawthorne, Calif.; $150,000 for purchase of additional injection molding equipment; and the remaining proceeds to be applied against outstanding bank loans or added to working capital. **Office**—1010 East 62nd Street, Los Angeles, Calif. **Underwriters**—Shearson, Hammill & Co., Los Angeles and New York; and Stern, Frank, Meyer & Fox, Los Angeles.

Electronic's Inc.
Feb. 1 (letter of notification) $100,000 of 7% subordinated debentures due April 1, 1970 and 20,000 shares of common stock (par 20 cents) to be offered in units, each consisting of $1,000 debenture and 200 shares of common stock. **Price**—$1,300 per unit. **Proceeds**—For payment of an outstanding mortgage note and working capital. **Address** — East Highway 50, Vermillion, S. D. **Underwriter** — Woodard - Elwood & Co., Minneapolis, Minn.

★ Elfun Trusts
March 14 filed 175,000 units of Trustees' Certificates (in addition to 92,359 units remaining to be used under a March, 1959 registration statement). Participation in the Elfun Trusts are generally limited to officials, leading employees, person on retainer and former employees of General Electric Co. and/or its subsidiaries. **Office**—570 Lexington Avenue, New York City.

Employers Reinsurance Corp.
Feb. 8 filed 100,000 shares of capital stock, to be offered for subscription by its stockholders at the rate of one new share for each share held, with rights to expire on March 28. **Price** — To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Underwriter**—Stern Brothers & Co., Kansas City, Mo.

Estates, Inc.
Dec. 24 filed 200,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For purchase of various properties, for development and subdivision thereof, and to meet operating expenses, salaries and other costs, but principally for the purchase and development of large tracts of land. **Office**—3636-16th Street, N. W., Washington, D. C. **Underwriter**—Consolidated Securities Co. of Washington, D. C.

Federated Reserve Life Insurance Co.
Jan. 19 filed 300,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For capital and surplus of the company, which has not as yet done any life insurance business but expects to sell all forms of it. **Office**—West Memphis, Ark. **Underwriter**—The offering is to be made through three promoters and officers who will receive a selling commission of $2 per share.

★ Fidelity Insurance Agency, Inc.
Feb. 29 (letter of notification) 250,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For the operation of an insurance company. **Office**—519 Philadelphia St., Indiana, Pa. **Underwriter**—None.

• Figurette, Ltd. (4/11-15)
March 3 filed 100,000 shares of class A common stock, (par 50 cents). **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—514 N. E. 79th Street, Miami, Fla. **Underwriter**—Myron A. Lomasney & Co., New York.

Finger Lakes Racing Association, Inc.
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter**—Stroud & Co., Inc., New York and Philadelphia. **Offering** — Delayed.

First Midwest Small Business Investment Co.
March 7 filed 110,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—512 Nicollet Avenue, Minneapolis, Minn. **Underwriter**—None.

★ Flick-Reedy Corp.
March 14 filed $691,800 of registered subordinated debentures, 6%, due February, 1972, and 69,180 shares of common stock. The company proposes to offer these securities in units, each consisting of a $100 debenture and 10 common shares. **Price**—$115 per unit. **Proceeds**—For reduction of accounts payable and corporate indebtedness. **Office**—Bensenville, Ill. **Underwriter**—None.

★ Florida Glass Grown Greenhouse Products, Inc.
March 7 (letter of notification) 1,860 shares of common stock (par 10 cents). **Price**—$20 per share. **Proceeds**—To go to a selling stockholder. **Office**—1250 South Alhambra Circle, Coral Gables 56, Fla. **Underwriter**—None.

• Forest Hills Country Club Ltd. (3/28-4/1)
Jan. 29 filed 75,000 shares of common stock (par 10¢). **Price**—$4 per share. **Proceeds**—To build a country club in Forest Hills, L. I., N. Y. **Office**—179—45 Brinckerhoff Ave., Jamaica 33, L. I., N. Y. **Underwriter**—Jerome Robbins & Co., 82 Wall St., New York City.

• Four Acre Motel Associates (3/21-23)
Feb. 15 (letter of notification) $220,000 of limited partnership participations to be offered in units of $1,000 or $5,000. **Price**—At face value. **Proceeds**—To purchase a motel. **Office**—11 W. 42nd St., New York, N. Y. **Underwriter**—Syndication Investors Corp., 527 Madison Ave., New York, N. Y.

★ Frontier Assurance Co.
March 7 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For expenses for operating an insurance company. **Office**—5330 N. 7th Ave., Phoenix, Ariz. **Underwriter**—None.

General Aeromation, Inc.
March 3 (letter of notification) 84,450 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For construction of additional vehicles, a demonstration and automation test center and working capital. **Office** — 6011 Montgomery Road, Cincinnati, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

• General Development Corp.
March 2 filed 12,555,600 of convertible subordinated debentures, due May 1, 1975, to be offered for subscription by holders of the outstanding common in the ratio of $100 principal amount of debentures for each 50 shares of common held. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—Goldman, Sachs & Co., New York City, will head a group which will purchase any unsubscribed debentures. **Offering**—Expected in mid-April.

★ General Electric Co.
March 16 filed 1,200,000 shares of common stock, which may be purchased under the issuer's Savings and Security Program for Eligible Employees. **Office**—Schenectady, N. Y.

• General Instrument Corp. (3/28-4/1)
Feb. 26 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank borrowings and for working capital. **Office**—65 Gouverneur St., Newark, N. J. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

• Glass Magic Boats, Inc.
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Note**—The name has been changed from Glass Magic, Inc. **Offering**—Expected at the end of March.

• Goddard, Inc. (4/1)
Jan. 29 filed 153,000 shares of common stock. **Price**—$3.25 per share. **Proceeds**—For use by subsidiaries for reduction of indebtedness and general corporate purposes. **Office**—1309 North Dixie Highway, West Palm Beach, Fla. **Underwriters** — Robert L. Ferman & Co., Miami, Fla. and Godfrey, Hamilton, Magnus & Co., Inc., New York City.

Goelet Corp. (5/10)
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

• Great Lakes Bowling Corp. (3/22)
Aug. 31 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office**—6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Green River Production Corp.
Oct. 15 (letter of notification) 200,000 shares of common stock (par 50 cents). **Price**—$1.50 per share. **Proceeds**—For expenses for exploring for oil and gas. **Office**—212 Sixth Ave., South, Nashville, Tenn. **Underwriter**—Crescent Securities Co., Inc., Bowling Green, Ky.

• Great Southwest Corp. (3/28-4/1)
Dec. 10 filed $11,500,000 of cumulative income debentures, due Jan. 1, 1975, and 575,000 shares of common stock (par $1), to be offered in units of $20 principal amount of debenture and one share of common. **Price**—$28 per unit. **Proceeds**—For debt reduction and the building of a recreation park. **Office**—3417 Gillespie Street, Dallas 19, Texas. **Underwriter**—Glore, Forgan & Co., New York City. **Note** — This statement is to be amended.

Green Dollar Nurseries, Inc.
Feb. 17 (letter of notification) 300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For equipment and furnishings, leasehold of improvements, inventory and general working capital. **Office**—11801 Harbor Boulevard, Garden Grove, Calif. **Underwriter**—V. K. Osborne & Sons, Inc., Beverly Hills, Calif.

Gulf States Life Insurance Co.
Feb. 26 filed 1,000,000 shares of common stock, to be offered for subscription by common stockholders of record April 1, 1960, at the rate of two shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—To repay debt of $450,000 owed to Foundation Investment Corp. and additional working capital. **Office**—First Avenue and 18th Street, Birmingham, Ala. **Underwriters** — Southern Underwriters, Inc., also of Birmingham.

★ Haloid Xerox, Inc. (4/8)
March 11 filed 333,213 shares of common stock, to be offered for subscription by the company to its common stockholders at the rate of one new share for each10 shares held. **Price**—To be supplied by amendment. **Proceeds**—To retire some $4,000,000 of bank note indebtedness incurred to replenish working capital which has been reduced primarily by expenditures for tooling and development engineering in connection with the Xerox 914 Office Copier, and for inventories of equipment for leasing. The balance of the proceeds will be added to the company's general funds and will be used primarily for increased inventories of xerographic equipment for leasing, principally for the new copier. **Office**—6 Haloid St., Rochester, N. Y. **Underwriter** — The First Boston Corp., New York.

• Harn Corp., Cleveland, Ohio (4/18-22)
Feb. 23 filed 187,500 shares of common stock. **Price**—$4 per share. **Proceeds**—To pay bank debts and for working capital. **Underwriter**—Arnold Malkan & Co., Inc., and Street & Company, Inc., both of New York City.

• Harvey Boat Works, Inc.
Feb. 29 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$2.25 per share. **Proceeds** — For working capital, production and other equipment. **Office** — 21460 Tualatin Valley Highway, Aloha, Ore. **Underwriter**—V. S. Wickett & Co., Inc., New York, N. Y., has withdrawn.

Head Ski Co., Inc.
Feb. 24 (letter of notification) 27,883 shares of common stock (par $1.50), of which 9,883 shares are to be offered by stockholders. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office** — 15 W. Aylesbury Road, Timonium, Baltimore County, Md. **Underwriter**—Robert Garrett & Sons, Baltimore, Md.

• Highway Trailer Industries, Inc. (3/22)
Jan. 29 filed $3,000,000 convertible subordinated debentures, due August, 1975. **Price**—At par. **Proceeds**—For expansion purposes and the discharge of debts. **Office**—250 Park Ave., New York City. **Underwriters**—Allen & Co., and Van Alstyne, Noel & Co., both of New York City.

• Hill's Supermarkets, Inc. (4/4-8)
Feb. 25 filed 100,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—$700,000 to purchase fixtures, equipment and inventory for new supermarkets, and the balance will be available for further expansion and working capital. **Office**—55 Motor Avenue, Farmingdale, Long Island, New York. **Underwriter**—Kidder, Peabody & Co., New York City.

• Hi-Press Air Conditioning Corp. of America (3/22)
Dec. 29 filed 200,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital. **Office**—405 Lexington Ave., New York City. **Underwriter**—Plymouth Securities Corp., New York City.

★ Home-O-Nize Co.
March 8 (letter of notification) 1,666 shares of common stock (par $10). **Price**—$30 per share. **Proceeds**—For construction, repayment of monies borrowed, and working capital. **Office**—201 Oak St., Muscatine, Iowa. **Underwriter**—None.

Howe Plastics & Chemical Companies, Inc. (3/28-4/1)
Dec. 14 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y.

Industron Corp.
Jan. 14 (letter of notification) 60,000 shares of class A common stock (par $1). **Price**—$4 per share. **Proceeds**

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—For working capital. **Office**—55 Needham Street, Newton Highlands, Mass. **Underwriter**—Schirmer, Atherton & Co., Boston, Mass.

Inland Container Corp. (3/28-4/4)
March 2 filed 175,000 shares of class A common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—$2,500,000 to pay a note, and the balance for general corporate purposes. **Office**—Indianapolis, Ind. **Underwriter**—Lazard Freres & Co., New York.

Inland Credit Corp. (3/28-4/1)
Feb. 12 filed 190,000 shares of class A stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of outstanding accounts of Ardisco (affiliate); and the balance for additional working capital. **Office**—11 West 42nd Street, New York 36, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

Insular Finance Corp. (formerly General Finance Corp.)
Feb. 1 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—Avenida Condado 609, Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Santurce, Puerto Rico.

★ Insured Mortgages of America, Inc.
March 14 filed $1,000,000 of 5½% collateral trust bonds. **Price**—At 100% of principal amount. **Proceeds**—To repay temporary bank loans and to purchase additional insured mortgage loans, and for other corporate purposes. **Office**—575 Colman Bldg., Seattle, Wash. **Underwriter**—None.

• International Aspirin Corporation
Dec. 7 filed 600,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1215 Denver U. S. National Center, Denver, Colo. **Underwriter** — Speculative Securities Corp., 915 Washington Street, Wilmington, Del., on a "best efforts" basis.

International Bank, Washington, D. C.
Dec. 29, 1958, filed $5,000,000 of notes (series B, $500,000, 2-year, 3% per unit; series C, $1,000,000 4-year 4% per unit; and series D, $3,500,000 6-year, 5% per unit). **Price**—100% of principal amount. **Proceeds**—For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

Interstate Securities Co.
Feb. 23 filed 165,000 shares of cumulative preference stock, convertible ($20 par), to be offered for subscription by common stockholders on the basis of one new share of preference stock for each four shares held. Rights dates are March 4 to April 7. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term notes. **Office**—3430 Broadway, Kansas City, Mo. **Underwriters**—Harriman Ripley & Co., Inc., New York; and Stern Brothers & Co., Kansas City, Mo.

Investors Funding Corp. of New York
Feb. 12 filed six series of 10% subordinated debentures aggregating $1,800,000 in principal amount, with attached warrants for the purchase of an aggregate of 31,500 shares of common stock at $10 per share. **Price**—Debentures (with warrants) at 100% of principal amount. **Proceeds**—To be added to the company's general funds and working capital and will be used primarily for the purchase or improvement of parcels of real estate. **Underwriter**—None.

★ Iowa-Illinois Gas & Electric Co. (4/13)
March 14 filed $15,000,000 of first mortgage bonds, series due 1990. **Proceeds**—To retire $3,000,000 of bank loans incurred to finance construction costs and for additional construction expenditures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; White, Weld & Co. and Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Glore, Forgan & Co. (jointly); Equitable Securities Corp.; Blyth & Co., Inc. **Bids**—Expected to be received on April 13 up to 10:30 a.m. (CST) in Chicago, Ill.

• Jones & Frederick, Inc. (3/21-25)
Feb. 23 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For a down payment on property, advertising, furniture and working capital. **Office**—401 Miracle Mile, Coral Gables, Fla. **Underwriter**—A. J. Frederick & Co., Inc., New York, N. Y. **Note**—Underwriter is unrelated to issuer.

• Keystone Electronics Co., Inc. (4/4-8)
Feb. 12 filed 200,000 shares of common stock. Of this stock, 133,334 shares are to be offered for public sale for the account of the company and 66,666, being outstanding stock, by the holders thereof. **Price** — $3 per share. **Proceeds**—For additional equipment and inventory; for research and development; and the balance for working capital. **Office**—65 Seventh Ave., Newark, N. J. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities, Inc., both of New York.

• Kratter Corp. (3/21-30)
Feb. 15 filed 1,300,000 shares of $1.20 cumulative convertible preferred stock (par $1) to be offered for subscription at $20 per share by holders of outstanding class A and class B common at the rate of one share of preferred for each three common shares held. Shares not purchased by stockholders may be offered for public sale or in exchange for properties. The registration statement also includes 130,000 preferred shares and 130,000 class A common shares which may be acquired by the company in stabilizing transactions during the offering of the preferred, and an indeterminate number of rights which may be so acquired, which securities would thereafter be resold by the company from time to time on the American Stock Exchange. **Proceeds**—$8,000,000 to acquire the Americana Hotel, Bal Harbour, Fla., and in the amount of $3,000,000 for repayment of unsecured bank loans. The company also intends to use $2,587,500 for the exercise of a right of a subsidiary to acquire the interests of certain ventures in and to leases and mortgage pertaining to the Kratter Building, and 112-122 W. 34th Street, in New York; $2,500,000 for the development of its Ebbets Field housing project in Brooklyn; and $800,000 for the prepayment of certain mortgages. Any excess will be added to the general funds of the company to be used from time to time for general corporate purposes. **Office**—521 Fifth Avenue, New York City. **Underwriters** — Hirsch & Co. and Lee Higginson Corp.

• La Crosse Cooler Co. (3/25)
Feb. 9 filed 100,000 outstanding shares of common stock (par $2). **Proceeds** — To selling stockholder. **Price**—To be supplied by amendment. **Office**—2809 Losey Blvd., South La Crosse, Wis. **Underwriter**—Shearson, Hammill & Co., New York.

Latrobe Steel Co. (3/21-25)
Feb. 12 filed 116,000 shares of capital stock (par $2.50) of which 60,000 shares will be offered for public sale by company and 56,000 shares are outstanding and will be sold by officers of the company. **Price**—To be supplied by amendment. **Proceeds**—For new equipment and facilities and to enlarge the company's warehouse. **Underwriter**—Kidder, Peabody & Co., New York.

Lewis Swimming Pool Construction Co., Inc.
Jan. 15 (letter of notification) 60,000 shares of class A common stock (par 50 cents). **Price** — $5 per share. **Proceeds**—To acquire property and for working capital. **Office**—115 Mary Street, Falls Church, Va. **Underwriter**—Securities Registration & Transfer Corp., Washington, D. C.

• Liberty Loan Corp. (4/5)
March 4 filed 120,000 shares of 5¾% convertible preference stock, 1960 series. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—634 N. Grand Ave., St. Louis, Mo. **Underwriters**—Riter & Co., New York; Edward D. Jones & Co., St. Louis, Mo.; and Bache & Co., New York.

★ Litho-Web, Inc.
March 7 (letter of notification) 130,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Address**—P. O. Box 168, Leaksville, N. C. **Underwriter**—Smith, Clanton & Co., Greensboro, N. C.

★ Loomis-Sayles Common Stock Fund, Inc., Boston
March 14 filed 1,900,000 shares of common stock. **Proceeds**—For investment.

Louisiana Power & Light Co. (3/29)
Feb. 11 filed $20,000,000 of 1st mortgage bonds, due April 1, 1990. **Proceeds**—For construction and other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); The First Boston Corp. and Glore, Forgan & Co. (jointly). **Bids**—To be received up to 11:30 a.m. (New York Time), on March 29, at the offices of Middle South Utilities, Inc., Two Broadway, New York 4, N. Y.

Loveless Properties, Inc.
Jan. 20 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To pay bills, for acquisition of Lacey Shopping Center, and for working capital. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter** — Andersen, Randolph & Co., Inc., Salt Lake City, Utah.

Macco Corp. (3/21-25)
Jan. 28 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay indebtedness incurred in real estate operations, to acquire and develop land, and for general corporate purposes. **Office**—14409 So. Paramount Blvd., Paramount, Calif. **Underwriters**—Kidder, Peabody & Co., New York City, and Mitchum, Jones & Templeton, Los Angeles.

Magnasyc Corp.
Feb. 26 filed 200,000 shares of capital stock. **Price** — $5 per share. **Proceeds**—To repay interim loans up to $100,000 to Taylor & Co.; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling and production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. **Office**—5546 Satsuma Ave., North Hollywood, Calif. **Underwriter**—Taylor and Company, Beverly Hills, Calif.

Majestic Penn State, Inc.
Feb. 26 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To purchase equipment, liquidate loans, and for working capital. **Office**—22nd Street and Lehigh Avenue, Philadelphia, Pa. **Underwriter**—Harrison & Co., Philadelphia, Pennsylvania.

Mayfair Industries, Inc. (3/21-25)
Feb. 17 filed 300,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the repayment of indebtedness. **Office** — Lafayette. La. **Underwriter** — Emanuel Deetjen & Co. (managing), New York City.

★ Medicard, Inc.
March 9 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For reserve for medical loans and operating capital. **Office**—508 Security Bldg., Denver, Colo. **Underwriter**—Equity Investment Corp., same address.

• Megadyne Electronics, Inc. (3/21-25)
Jan. 7 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington, Del. **Underwriter**—Glenn Arthur Co., Inc., New York, N. Y.

★ Melville Shoe Corp.
March 15 filed $12,000,000 of 20-year debentures. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans, increased working capital, and general corporate purposes. **Office**—New York City. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

★ Metropolitan Broadcasting Corp.
March 10 filed $6,000,000 of convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—For repayment of a temporary bank loan and interest thereon, and for working capital. **Office**—205 East 67th St., New York City. **Underwriters**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York. **Offering**—Expected in April or May.

Metropolitan Edison Co. (4/26)
Feb. 29 filed $15,000,00 of first mortgage bonds, due 1990. **Proceeds**—For 1960 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly). **Bids** — Expected to be receved up to 11 a.m. on April 26.

• Meyer (Fred), Inc. (3/21-25)
Feb. 3 filed 400,000 shares of class A common stock (without par value) including 300,000 shares for the account of the issuer, and 85,000 shares for a company-connected estate. The remaining 15,000 shares are for officers and employees. **Price**—To be supplied by amendment. **Proceeds**—For the general fund, including constructing and equipping new shopping centers and working capital. **Office**—721 S. W. 4th Ave., Portland, Ore. **Underwriter**—Kidder, Peabody & Co.

★ Miami Tile & Terrazzo, Inc.
March 11 filed 125,000 shares of common stock. **Price**—$4 per share. **Proceeds**—$150,000 as reduction of temporary bank loans, $140,000 in reduction of accounts payable, $65,000 to repay notes and loans payable to Barney B. and Nathan S. Lee, and the balance for general corporate purposes. **Office**—6454 N. E. 4th Ave., Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami. Fla.

★ Microdot Inc. (4/20)
March 11 filed 204,000 shares of capital stock (no par) of which 60,000 shares will be offered for public sale by the issuing company, and 144,000 shares are presently outstanding and will be offered for sale by the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans incurred for working capital purposes in the amount of $406,000; to pay in full promissory notes held by Trustees under the will of M. H. Lewis in the amount of $78,732, and (together with a portion of the proceeds from a bank loan) for the purchase of machinery and equipment costing $200,000, for property additions and improvements, and for working capital. **Office** — 220 Pasadena Ave., South Pasadena, Calif. **Underwriter**—White, Weld & Co., Inc., Los Angeles and New York.

Mid-America Minerals, Inc.
Nov. 16 filed 400,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, acquisition of properties, and additional working capital. **Office**—500 Mid-America Bank Building, Oklahoma City, Okla. **Underwriter**—None.

• Mid-America Pipeline Co. (3/21-25)
Feb. 17 filed $20,500,000 of 6½% subordinated debentures, due March 1, 1980, and 1,435,000 shares of common stock (no par), to be offered in units of $50 of debentures and 3½ shares of common. **Price**—To be supplied by amendment. **Proceeds**—Payment of interest, cost of constructing and operating a pipeline, and general corporate purposes. **Office** — Tulsa, Okla. **Underwriters** — Bear, Stearns & Co., and White, Weld & Co., Inc., both of New York City.

★ Middle South Utilities, Inc. (4/20)
March 11 filed 650,000 shares of common stock (par $10). **Proceeds**—The company proposes to invest $7,500,000 in additional stock of its subsidiary, Arkansas Power & Light Co.; $6,000,000 will be used to repay in full a promissory note due in January, 1961; and the remaining proceeds will be held in the company's treasury for further investments in system operating companies and for other corporate purposes. **Office**—2 Broadway, New York. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Blyth & Co., Inc.; Lehman Brothers; The First Boston Corp., Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received by the company, at its Board Room, 28th Floor, 2 Broadway, New York 4, N. Y., up to 12 o'clock noon, DST, on April 20, 1960 or on such later date as may be fixed by the company.

• Mills Factors Corp. (4/18-22)
March 8 filed for not less than 201,200 shares and not more than 270,000 shares of common stock ($2.50 par). **Price**—To be supplied by amendment. **Proceeds** — To purchase outstanding stock and for the general fund. **Office**—New York City. **Underwriters**—Lee Higginson Corp. and C. E. Unterberg, Towbin Co., both of New York City.

• Missile Components Corp. (3/21-25)
Jan. 18 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—

For general corporate purposes. **Office**—2300 Shames Drive, Westbury, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y.

Missile Electronics, Inc. (3/28-4/1)
Feb. 5 filed 214,500 shares of common stock, of which 200,000 shares will be sold for the company's account and the remaining 14,500 shares will be offered for the account of certain selling stockholders. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—89 West 3rd St., New York City. **Underwriter**—Pleasant Securities Co. of Newark, N. J.

Mobilife Corp. (3/21-25)
Jan. 18 filed 250,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For debt reduction and working capital. **Office**—Sarasota, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

Mutual Employees Trademart, Inc.
Feb. 25 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To repay current liabilities and other debts and for working capital. **Office** — 1055 Hialeah, Fla. **Underwriter**—Frank Edenfield & Co., Miami, Fla.

★ NAFI Corp.
March 14 filed 200,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds** — To repay bank loan incurred in connection with acquisition of Chris-Craft Corp. and the balance to be added to the company's general funds. **Office**—527 23rd Ave., Oakland, Calif. **Underwriter**—Shields & Co., New York.

● Narda Microwave Corp.
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. **Price**—To be supplied by amendment. **Proceeds** — To be used to retire bank loans. **Underwriter**—Milton D. Blauner & Co., Inc., New York. **Note**—This statement has been withdrawn.

● National Fuel Gas Corp. (4/11)
March 2 filed $18,000,000 of sinking fund debentures, due 1985. **Proceeds**—Net proceeds of the sale of the debentures will be used in part to prepay $10,800,000 of bank loans, and the balance will be loaned to subsidiaries and used by them to finance in part their 1960 construction program. **Office**—30 Rockefeller Plaza, New York City. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp.; The First Boston Corp. **Bids**—Expected to be received on April 11 up to 11:30 a.m. (EST). **Information Meeting**—April 7 at 11:00 a.m.

National Lawnservice Corp.
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y.

● (John J.) Nesbitt, Inc. (4/11-22)
March 7 filed 120,000 shares of common stock, of which 40,000 shares will be sold for the company's account while 80,000 shares will be sold for the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For increase of working capital. **Office** — State Road & Rhawn St., Philadelphia, Pa. **Underwriter**—Hornblower & Weeks, New York.

★ New Jersey Aluminum Extrusion Co., Inc.
March 10 filed 110,000 shares of class A capital stock, of which 50,000 shares will be issued by the company and 60,000 shares are outstanding and will be offered by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be available for general corporate purposes. **Office** — New Brunswick, N. J. **Underwriter** — Laird & Company Corp., New York and Wilmington, Del.

● Niagara Mohawk Power Co. (3/29)
Feb. 29 filed $50,000,000 of general mortgage bonds, due April 1, 1990. **Proceeds**—To be used to pay short-term bank loans incurred to meet construction costs. Company estimates its 1960 construction program (including that of its subsidiaries) will require $100,000,000. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Office** — Syracuse, N. Y. **Information Meeting**—Scheduled for March 24 at 11:00 a.m. (EST) at the Marine Midland Trust Co., 120 Broadway, New York. **Bids**—To be received up to 11:00 a.m. (EST) at room 1840, 15 Broad St., New York City, on March 29.

★ Normandy Oil & Gas, Inc.
March 7 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses for developing and operating oil and gas properties. **Office** — 620 Oil & Gas Bldg., Wichita Falls, Tex. **Underwriter**—None.

★ North Central Co.
March 11 filed 420,945 shares of common stock. The company proposes to offer 142,860 shares for cash sale at $7 per share. Additional shares (amount unspecified) are to be offered in exchange for outstanding shares of North Central Life Insurance Co., of St. Paul. The rate of exchange is to be supplied by amendment. **Proceeds**—To be added to the general funds of the company. **Office**—335 Minnesota St., St. Paul, Minn. **Underwriter**—None.

★ Nova Scotia (Province of) (Canada)
March 15 filed $10,000,000 of 20-year sinking fund debentures, dated April 1, 1960 and due April 1, 1980. The new debentures will have the benefit of a sinking fund, beginning in 1962, which is calculated to retire 94.5% of the debentures prior to maturity. Other than through the sinking fund, the debentures will not be redeemable prior to April 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—To the refunding of Provincial debentures; the balance will be advanced to the Nova Scotia Power Commission to be applied to the repayment of bank borrowings incurred in connection with its construction program. **Underwriters**—Halsey, Stuart & Co. Inc., New York, and Royal Securities Corp. Ltd., Montreal, Quebec, Can. **Offering**—Expected in early April.

● Nuclear Materials & Equipment Corp.
March 2 filed 45,000 shares of common stock (no par) of which 4,980 are to be offered to warrant holders and the remainder is to be offered publicly. **Price**—To be supplied by amendment. **Proceeds**—For equipment and expansion. **Office** — Apollo, Pa. **Underwriter** — Moore, Leonard & Lynch, Pittsburgh, Pa., and New York City. **Offering**—Expected in late April.

● Nu-Era Corp. (3/28-4/1)
Nov. 30 filed 275,000 shares of common stock, of which 200,000 are to be publicly offered. **Price**—$3.75 per share. **Proceeds**—To reduce indebtedness and increase inventories of gears and mufflers. **Office** — 342 South St., Rochester, Michigan. **Underwriter**—Mortimer B. Burnside & Co., Inc., on an "all or nothing best efforts" basis. The underwriter will receive $15,000 for expenses, a $.75 per share selling commission on the 200,000 shares comprising the public offering, and the privilege of purchasing 37,500 shares of the common stock at $.10 per share. The 37,500 shares thus far unaccounted for are to be sold to John L. Appelbaum at $.10 per share in consideration of certain services rendered.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. Price—$2 per share. Proceeds—To retire bank loans and for investment purposes. Office—513 International Trade Mart, New Orleans, La. Underwriter—Assets Investment Co., Inc., New Orleans, La. The SEC "stop order" hearing has been continued from Feb. 25 to March 22.

● Facemaker Boat Trailer Co., Inc. (4/1-8)
Feb. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of equipment, raw materials and working capital. **Office**—622 E. Glenolden Ave., Glenolden, Pa. **Underwriters**—Jacey Securities Co., and First City Securities, Inc., New York, N. Y.

★ Pacific Coast Medical Research, Inc.
March 8 (letter of notification) 3,000 shares of common stock (par $1) and 300 shares of preferred stock (par $100) to be offered in units consisting of 10 shares of preferred stock and 100 shares of common stock. **Price**—$1,190 per unit. **Proceeds**—For equipment and inventory, leasehold improvements and working capital. **Office**—225 Santa Monica Blvd., Santa Monica, Calif. **Underwriter**—None.

Pacific Gold, Inc.
Dec. 9 (letter of notification) 75,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Office**—404 Mining Exchange Building, Colorado Springs, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

● Pacific Pane. Co. (4/25-29)
Feb. 8 filed 100,000 shares of class A common stock. **Price**—$4.50 per share. **Proceeds**—For reduction of indebtedness; for working capital; for establishment of three additional stores; and to provide additional working capital for a new subsidiary. **Office**—1212 West 26th St., Vancouver, Wash. **Underwriter**—Frank Karasik & Co., Inc.

★ Pearl Brewing Co.
Feb. 24 (letter of notification) 15,000 shares of capital stock (par $1) at a price not to exceed $20 per share. **Proceeds**—To estate of J. H. Bentzen, selling stockholder. **Office**—312 Pearl Parkway, San Antonio, Texas. **Underwriters**—A. G. Edwards & Sons, and Newhard, Cook & Co., both of St. Louis, Mo. and Dewar, Robertson & Pancoast, San Antonio, Texas.

★ Pennsylvania Electric Co. (5/9)
March 10 filed $12,000,000 of first mortgage bonds, due 1990. **Proceeds**—To be applied to the company's 1960 construction program, or to partially reimburse its treasury for previous expenditures for that purpose. **Office**—222 Levergood St., Johnstown, Pa. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc. and Blyth & Co., Inc. (jointly); Equitable Securities Corp. **Bids**—Expected May 9 at 12 noon.

● Pentron Electronics Corp. (3/22-23)
Feb. 4 filed 250,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds** — $115,000 for payment in full of outstanding 6% sinking fund debentures, plant renovation, new equipment, and the balance to the general fund. **Office**—777 So. Tripp Ave., Chicago, Ill. **Underwriter**—Stanley Heller & Co., of New York City.

● Phillips Developments, Inc. (3/22-25)
Dec. 21 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For property development, possible acquisitions, and working capital. **Office** — 1111 West Foothill Blvd., Azusa, Calif. **Underwriters**—Allen & Co., Bear, Stearns & Co., and Sutro Bros. & Co., all of New York City.

● Pidgeon (Walter) Steel Products, Inc.
Feb. 9 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For tooling and machinery of manufacturing plant, inventory, advertising and working capital. **Office** — 10 Union Avenue, Bala-Cynwyd, Pa. **Underwriter**—Heft, Kahn & Infante, Inc., Rockville Centre, N. Y., has withdrawn as underwriter.

★ Pierce & Stevens Chemical Corp.
March 9 filed 175,000 shares of outstanding common stock (par $2). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Buffalo, N. Y. **Underwriter**—Doolittle & Co., Buffalo 2, N. Y.

★ Pittsburgh Self-Service Associates
March 16 filed $720,000 of units of partnership interests in associates. **Office**—New York City.

Plainfield-Union Water Co.
Feb. 19 filed 68,676 shares of common stock, to be offered for subscription by common stockholders of record March 31, 1960, at the rate of one new share for each 2½ shares then held; rights expire April 14. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Office**—120 West Seventh Street, Plainfield, N. J. **Underwriter**—W. C. Langley & Co., New York.

Plastic & Fibers, Inc.
Jan. 18 (letter of notification) 85,714 shares of common stock (par 40 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office** — Whitehead Ave., South River, N. J. **Underwriter**—Arnold Malkan & Co., Inc., New York, N. Y.

● Precision Circuits, Inc. (4/11-15)
March 7 filed $250,000 of convertible subordinated debentures, due April 1, 1970, and 37,500 shares of common stock (par 20 cents) to be offered in units consisting of one $100 debenture and 15 common shares. **Price**—$150 per unit. **Proceeds**—For equipping of new facilities, and for general corporate purposes. **Office**—705 South Fulton Avenue, Mount Vernon, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

● Public Service Co. of New Mexico (3/21)
March 2 filed 102,229 shares of common stock (par $5) of which 97,229 shares will be offered for subscription by holders of the company's outstanding common stock at the rate of one new share for each 20 shares held, rights to expire in April. The remaining 5,000 shares will be offered to employees of the company. **Price** — To be supplied by amendment. **Proceeds**—Together with bank borrowings, will be applied toward the company's 1960 construction program, for other corporate purposes including the repayment of a short-term bank loan in the amount of $2,000,000, and working capital. **Office**—819 Simms Building, Albuquerque, N. Mex. **Underwriter**—Allen & Co., New York.

★ Puget Sound Power & Light Co. (4/20)
March 15 filed $20,000,000 of first mortgage bonds due 1990. **Proceeds**—To be applied to the payment of a $15,000,000 3% promissory note due May 1, 1960, and the balance to the payment of outstanding bank loans incurred for construction purposes, which loans are expected to aggregate $10,500,000 at the time of the bond sale. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Stone & Webster Securities Corp., Smith, Barney & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected to be received on April 20 at 12 noon. **Information Meeting**—Scheduled for April 14 at 11 a.m.

Radiant Lamp Corp.
Feb. 10 filed 120,000 shares of class A stock. **Price**—$5 per share. **Proceeds** — To repay a bank loan, and for working capital. **Office**—300 Jelliff Ave., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York. **Offering**—Expected in April.

● Realty Equities Corp.
Feb. 2 filed 150,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For general corporate purposes. **Office**—New York City. **Underwriter**—Sutro Bros. & Co., also of New York City. **Offering**—Expected in early April.

● Remco Industries, Inc. (3/23)
Feb. 19 filed 100,000 outstanding shares of common stock (par $2). **Proceeds**—To selling stockholders. **Office**—113 N. 13th St., Newark, N. J. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

★ Renner, Incorporated
March 10 filed 75,000 shares of common sock (par 50 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes, including the reduction of short-term indebtedness. **Office**—1530 Lombard St., Philadelphia, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Reserve Finance Corp.
Feb. 4 (letter of notification) 135,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To operate a finance business. **Office**—Suite 531 Guaranty Bank Building, Denver, Colo. **Underwriter** — Life Insurance Stocks, Inc., Denver, Colo.

★ Rock-Oil Co., Inc.
March 9 (letter of notification) 75,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses in developing oil and gas properties. **Office**—130 Las Vegas Blvd. South, Las Vegas, Nev. **Underwriter**—None.

● St. Regis Paper Co. (3/31)
Feb. 26 filed 306,787 shares of its common stock, to be offered in exchange for the outstanding shares of common stock of The Creamery Package Manufacturing Co. on the basis of 1.02 shares of St. Regis for each share of Creamery. **Office**—150 E. 42nd St., New York City. **Dealer-Managers**—White, Weld & Co., and A. G. Becker & Co., both of New York. **Note**—This statement is expected to become effective about March 31.

● San Diego Imperial Corp. (3/29-30)
Feb. 24 filed $5,000,000 of subordinated convertible debentures, due Apr. 1, 1975, and 728,531 shares of common

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stock. **Price**—To be supplied by amendment. **Proceeds**—For the account of selling stockholders, 128,531 shares, and for the company, 600,000 shares, to reduce indebtedness and for investment. **Office**—San Diego, Calif. **Underwriters**—White, Weld & Co., New York City, and J. A. Hogle & Co., Salt Lake City, Utah.

Savannah Electric & Power Co.
March 2 filed 187,950 shares of common stock (par $5). The company proposes to offer 87,950 shares of its common stock to its stockholders on the basis of one new share for each 13 shares held of record on March 29, 1960. The offer will expire on April 18. 100,000 of the shares of common stock are presently outstanding, and will be sold for the accounts of the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To repay a portion of bank loans made for construction purposes. **Office**—27 West Bay St., Savannah, Ga. **Underwriters** — The First Boston Corp. and Stone & Webster Securities Corp., both of New York.

• Seaboard Plywood & Lumber Corp. (3/28-4/4)
Feb. 25 filed $300,000 of 6½% subordinated convertible debentures, due April 1, 1970, and 30,000 shares of common stock, to be offered in units, each unit consists of $500 principal amount of debentures and 50 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire a term bank loan, and for working capital. **Office**—17 Bridge St., Watertown, Mass. **Underwriter**—Peter Morgan & Co., New York.

Seeburg Corp.
Feb. 29 filed $526,000 of 4% promissory notes and 1,200,000 shares of common stock. The notes and 614,242 shares of the common stock are outstanding and may be sold by the present holders thereof, who are not company officials. The registration includes 61,000 shares which are reserved by contract for delivery in connection with past acquisitions. The remaining 524,758 shares may be issued from time to time in the acquisition of additional businesses. **Office**—1500 North Dayton St., Chicago, Ill.

See's Candy Shops, Inc.
Feb. 26 filed 250,832 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—3431 South La Cienaga Blvd., Los Angeles, Calif. **Underwriter**—Hemphill, Noyes & Co., New York. **Offering**—Expected in early April.

• Seneca Gas & Oil Corp. (4/4)
Dec. 24 filed 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For drilling. **Office**—Erie, Pa. **Underwriter**—Edgar B. Hunt Co., New York City.

Servonics, Inc.
Feb. 25 filed 76,600 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each five shares held, rights to expire in April. **Price**—To be supplied by amendment. **Proceeds**—To retire bank note indebtedness; for the purchase of additional machinery, equipment and facilities; to provide additional working capital; to finance the initial payments on a tract of land to be used for possible plant construction, and the balance for general corporate purposes. **Office**—822 North Henry St., Alexandria, Va. **Underwriter**—None.

• Sierra Pacific Power Co.
Feb. 23 filed 49,714 shares of common stock being offered for subscription by holders of the outstanding common of record March 14 on the basis of one new share for each 15 then held, rights to expire on April 4. **Price**—$33.50 per share. **Proceeds** — To be applied to payment of loans. **Office**—Reno, Nev. **Agent**—Stone & Webster Service Corp., 49 Federal St., Boston, Mass.

★ Sire Plan of Normandy Isle, Inc.
March 9 filed $225,000 of 10-year 7% debentures and 4,500 shares of $3.50 cumulative, non-callable, participating preferred stock (par $5), to be offered in units, each unit consisting of one $50 debenture and one preferred share. **Price**—$100 per unit. **Proceeds** — To finance acquisition. **Office**—Ingraham Bldg., Miami, Fla. **Underwriter**—Sire Plan Portfolios, Inc., New York.

Solon Industries, Inc.
Jan. 26 (letter of notification) 50,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—c/o A. M. Hubman, 4061 Conover Road, University Heights, Ohio. **Underwriter**—Gaither & Co., Inc., Cleveland, Ohio.

• South Bay Industries, Inc. (3/18-21)
Dec. 11 filed 210,000 shares of class A stock. **Price**—$5 per share. **Proceeds**—To pay off bank loans, purchase machinery, and add to working capital. **Office** — 42 Broadway, New York City. **Underwriter**—Amos Treat & Co., Inc., of New York City, on a "best efforts" basis.

★ Southampton Lumber Corp.
March 10 (letter of notification) an unannounced amount of first mortgage bonds. **Price**—$500 per bond and $1,000 per bond. **Proceeds**—For general corporate purposes. **Office** — Southampton, N. Y. **Underwriter**—None.

Southwest Forest Industries, Inc.
Jan. 29 filed not to exceed an aggregate of $13,500,000 of subordinated income debentures, due 1985, and common stock, to be offered in units of such debentures and such common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construtcion of new plant. **Office** — 444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City. **Offering**—Expected in late March.

★ Southwestern Investment Co. (3/29)
March 10 filed $10,000,000 of senior notes due March 1, 1975, $3,000,000 of capital notes, due March 1, 1975 (with attached warrants for the purchase of 75,000 common shares), and the 75,000 shares issuable upon exercise of the warrants. With each $1,000 of capital notes the purchaser will receive warrants to purchase 25 common shares. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and will be available for general corporate purposes. **Office**—205 E. 10th St., Amarillo, Tex. **Underwriters**—White, Weld & Co., New York; Schneider, Bernet & Hickman, Inc., Dallas, Tex.; and The First Trust Co. of Lincoln, Lincoln, Neb.

Spring Street Capital Co.
March 1 filed 3,000 shares of common stock (par $100) to be offered in units of five shares at $1,000 per share. **Proceeds**—For loans to and the purchase of securities of certain business concerns. It may also use a portion of the proceeds to pay the costs and expenditures incidental to its operatons until such time as it has an income from its loans and investments. **Office**—650 South Spring St., Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

• Standard Motor Products, Inc. (4/12)
March 7 filed 296,460 shares of class A capital stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Long Island City, N. Y. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

• Standard Screw Co. (3/23)
Feb. 17 filed 210,000 shares of common stock (par $20). **Price**—To be supplied by amendment. **Proceeds**—To estate of a selling stockholder. **Office**—Bellwood, Ill. **Underwriter**—Hornblower & Weeks, New York.

Stelling Development Corp.
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

• Sterilon Corp. (4/4-8)
Feb. 19 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 500 Northland Avenue, Buffalo, N. Y. **Underwriter**—Shields & Co., New York.

★ Straza Industries
March 14 filed 230,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes and working capital. **Office**—790 Greenfield Drive, El Cajon, Calif. **Underwriter**—J. A. Hogle & Co., of Salt Lake City and New York. **Offering**—Expected in April.

Sun Rubber Co.
Feb. 26 filed $1,000,000 of 6% subordinated debentures due April 1, 1975, and 100,000 shares of common stock (no par), to be offered in units of $100 of debentures and 10 shares of common stock. **Price**—$100 per unit. **Proceeds**—To be used in reorganization. **Office**—366 Fairview Ave., Barberton, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

Sunair Electronics, Inc. (3/21-25)
Dec. 28 filed 200,000 shares of common stock (par $.10). **Price**—$3.00 per share. **Proceeds**—For new equipment, construction, and working capital. **Office** — Broward County International Airport, Ft. Lauderdale, Fla. **Underwriter**—Frank Karasik & Co., Inc., of New York City.

Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

Supronics Corp.
Jan. 29 filed 120,000 shares of common stock. **Price**—$6 per share. **Proceeds**—$50,000 to reduce short-term bank loans, and the balance to be used for general corporate purposes, including expanding the business. **Office**—224 Washington Street, Perth Amboy, N. J. **Underwriters**—Standard Securities Corp., Herzig, Farber & McKenna, and Irving Weiss & Co., all of New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa. **Offering**—Expected in April.

• Sutton Leasing Corp. (4/1)
Feb. 9 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—9 Rockefeller Plaza, New York 20, N. Y. **Underwriter**—T. M. Kirsch Co., New York, N. Y.

Systron-Donner Corp. (3/30)
Feb. 25 filed 442,700 shares of capital stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholder, W. K. Rosenberry. **Office** — 950 Galindo St., Concord, Calif. **Underwriter**—White, Weld & Co., New York.

• Tayco Developments, Inc. (3/21-25)
Dec. 23 filed 5,390 shares of common stock to be offered for subscription by common stockholders at the rate of ten-seventy-fifths of a share for each share held. **Price**—$28.75 per share, with rights to expire 14 days from offering date. **Proceeds** — For capital and to secure additional patents on present inventions, and to continue and expand research and development work in the field of liquid compressibility devices and other areas. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

• Taylor Devices, Inc. (3/21-25)
Dec. 23 filed 18,705 shares of common stock to be offered for subscription by common stockholders on the basis of six-tenths of one share for each share held. **Price**—$28.75 per share, with rights to expire 14 days from offering date. **Proceeds** — To repay a short-term loan, for additional working capital, and to establish expanded executive sales and manufacturing personnel and to continue research and development, and the balance to lease or purchase additional factory and office space. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

• Teletray Electronics Systems, Inc. (4/11-15)
Jan. 27 filed 150,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—880 Bonifant Street, Silver Spring, Md. **Underwriter**—A. T. Brod & Co., New York City.

★ Teltronics, Inc.
March 8 (letter of notification) 325 shares of class A common stock and 32,500 shares of class B common stock to be offered in units consisting of one share of class A and 100 shares of class B. **Price**—At par ($1 per share). **Proceeds** — To purchase equipment and for working capital. **Office**—277 Main St., Nashua, N. H. **Underwriter**—None.

Tenax, Inc. (3/21-25)
Feb. 16 filed 150,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expansion of issuer's freezer and food sale business. **Office**—375 Park Avenue, New York City. **Underwriter**—Myron A. Lomasney, New York City.

Thermal Industries of Florida, Inc. (3/18-22)
Feb. 26 filed 120,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To be added to the company's general reserves. **Office**—Miami, Fla. **Underwriter**—Peter Morgan & Co., New York.

Tip Top Products Co.
Feb. 11 filed $600,000 of first mortgage sinking fund bonds, series B, due December, 1969, (with warrants). Warrants attached to each $1,000 bond will entitle holders to purchase 20 shares of class A common stock at an initial price of $11 per share. **Price**—100% of principal amount. **Proceeds** — To pay $420,000 due to Western Electric Co., Inc.; and the balance for general corporate purposes. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and The First Trust Co. of Lincoln, Neb.

Tool Research & Engineering Corp. (4/11-15)
Feb. 24 filed 350,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay the cash portion of recent acquisitions, and for working capital. **Office** — Compton Calif. **Underwriter** — Shields & Co., New York.

★ Transcontinental Gas Pipe Line Corp. (4/20)
March 14 filed $35,000,000 of first mortgage bonds due 1980 and 800,000 shares of common stock. **Prices**—To be supplied by amendment. **Proceeds**—To refund debt incurred for construction. **Office**—3100 Travis St., Houston, Tex. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

• Transworld Equipment Corp. (3/28-4/1)
Jan. 25 (letter of notification) 139,832 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—119 W. 26th Street, New York 1, N. Y. **Underwriter**—Michael Fieldman, 82 Beaver Street, New York City.

• Tri-State Petroleum Corp.
Nov. 12 (letter of notification) 199,900 shares of common stock (par five cents). **Price**—$1.50 per share. **Proceeds**—For expenses for drilling and producing oil. **Office**—1403 G. Daniel Baldwin Bldg., Erie, Pa. **Underwriter**—Daggett Securities Inc., Newark, N. J. The statement has been withdrawn.

★ Triumph Pool, Inc.
March 3 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For balance due on land and equipment and contracts, mortgage payments for one year, notes and accounts payable and working capital. **Office** — 15 William St., New York 5, N. Y. **Underwriter**—None.

Tungsten Mountain Mining Co.
Feb. 15 (letter of notification) 50,000 shares of common stock (par $1) to be offered first for subscription by stockholders on the basis of one new share for each eight shares held. **Price**—$2 per share. **Proceeds**—For mining operations. **Office**—511 Securities Bldg., Seattle, Wash. **Underwriter**—H. P. Pratt & Co., Inc., Seattle, Wash.

★ Union Financial Corp. (4/25)
March 11 filed 325,000 shares of common stock ($1 par). **Price**—To be supplied by amendment. **Proceeds**—Together with bank loan, will be used to repay a $6,075,000 balance on an outstanding bank loan, and the balance will be added to working capital. **Office**—232 Superior Ave., Cleveland, Ohio. **Underwriters**—White, Weld & Co. Inc., Chicago and New York; The Ohio Company, Columbus, Ohio; and Sanders & Co., Dallas, Texas. **Offering**—Expected in April.

★ United American Life Insurance Co.
March 11 filed 50,000 shares of capital stock, to be offered for subscription by holders of outstanding stock in the ratio of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Office**—1717 California St., Denver, Colo. **Underwriter**—None.

• United Components, Inc. (4/18-22)
March 2 filed 110,000 shares of common stock, of which 10,000 shares are to be offered to Sheldon Leighton, a director, at $2.50 per share and the remainder is to be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — For new equipment, advertising, and other general corporate purposes. **Office**—Orange, N. J. **Underwriter**—Darius, Inc., New York City.

• U. S. Plywood Corp. (4/13)
March 7 filed $25,000,000 of sinking fund debentures due 1985. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for general corporate purposes. **Underwriter**—Eastman, Dillon, Union Securities & Co., New York. **Office**—55 W. 44th Street, New York City.

Universal-Cyclops Steel Corp., Bridgeville, Pa. (3/25)
March 1 filed 200,000 shares of common capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's current funds. **Underwriter**—A. G. Becker & Co., Inc., New York and Chicago.

Universal Fabricators, Inc.
Feb. 29 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—1827 Boone Avenue, Bronx 10, N. Y. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y.

● **Universal Transistor Products Corp. (3/21-25)**
Dec. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 36 Sylvester Street, Westbury, L. I., N. Y. **Underwriters**—Michael G. Kletz & Co., Inc. and Amos Treat & Co., Inc., New York, N. Y.

★ **Vanadium-Alloys Steel Co.**
March 2 (letter of notification) 1,196 shares of capital stock (par $5) to be offered only to employees. **Price**—At a price equivalent to the last sale price on the New York Stock Exchange on the day preceding the acceptance of the offer. **Proceeds**—For working capital. **Address**—Latrobe, Pa. **Underwriter**—None.

★ **Vulcatron Corp.**
March 11 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To set up a plant and equipment, to purchase machinery and equipment, and for working capital. **Office** — c/o William L. Berger, 209 Washington St., Boston, Mass. **Underwriter**—P. de Rensis & Co., Inc., Boston, Mass.

● **Wallson Associates, Inc.**
Feb. 26 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—To discharge indebtedness, for development of additional proprietary products for the semi-conductor electronics industry, and for general corporate purposes. **Office**—912 Westfield Ave., Elizabeth, N. J. **Underwriters**—Russell & Saxe, and First Broad Street Corp., New York, N. Y. **Offering**—Expected in April.

● **Waters Manufacturing, Inc. (3/21-25)**
Jan. 29 (letter of notification) 60,000 shares of common stock (par $1) of which 20,000 shares are to be offered by Robert A. Waters, President and the balance by the company. **Price**—$5 per share. **Proceeds**—For working capital. **Office**—533 Boston Post Road, Wayland, Mass. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

● **Wells Industries Corp. (4/11-15)**
Jan. 29 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office**—6505 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—A. T. Brod & Co., New York City.

West Branch Bell Telephone Co.
Jan. 28 filed 1,120 shares of common stock ($50 par) and $150,000 of 5% convertible subordinated debentures, due April 1, 1980, being offered to stockholders and employees of record Feb. 5 on the basis of $500 of debentures for each 10 common shares held; the stock is being offered on the basis of one new share for each five shares held, with 1,000 shares being offered to stockholders and the remaining 120 shares being offered to employees. Rights dates are March 7 to March 22. Initial conversion price is $70 per share. **Prices**—For the debentures, at 100% of principal amount; for the common, to be supplied by amendment. **Proceeds**—For equipment and working capital. **Office**—31 South Main St., Muncy, Pa. **Underwriter**—Blair & Co., Inc., New York City.

● **West Penn Electric Co. (4/12)**
March 4 filed 300,000 shares of common stock. **Proceeds**—To purchase about $5,000,000 of additional common stock from the Monangahela Power Co., to retire West Penn Traction Co. bonds maturing June 1, and for general corporate purposes. **Underwriters** — To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co., W. C. Langley & Co., and Lehman Brothers. **Bids**—Expected to be received on April 12, up to 3:45 p.m. (EST).

Western Airlines, Inc.
March 1 filed 200,000 shares of capital stock (par $1), to be offered for subscription by holders of outstanding shares of such stock of record March 30; rights to expire on April 18. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Los Angeles, Calif. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith, Inc., New York City.

Western Utilities Corp. (3/21-25)
March 1 filed 125,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay recent bank borrowings aggregating $800,000 and the balance will be used to provide additional working capital. **Office** — 300 Montgomery St., San Francisco, Calif. **Underwriter**—Dean Witter & Co., San Francisco and New York.

Whitmoyer Laboratories, Inc. (3/21-25)
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

Willer Color Television System, Inc.
Jan. 29 (letter of notification) 86,403 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Investment Brokers of N. J., Inc., 844 Broad Street, Newark, N. J.

Wynn Pharmacal Corp.
Jan. 29 (letter of notification) 4,380 shares of class B common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—To go to selling stockholders. **Office**—5051 Lancaster Ave., Philadelphia, Pa. **Underwriter**—Charles A. Taggart & Co., Inc., Philadelphia.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

Yuba Consolidated Industries, Inc. (3/22)
Feb. 18 filed $6,000,000 of convertible subordinated debentures, due March, 1975. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—1 Bush St., San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Prospective Offerings

Acoustica Associates, Inc.
Feb. 5 it was reported that this company will probably file an undetermined amount of common stock in April. **Office**—Glenwood Landing, L. I., N. Y. **Underwriter**—Lehman Brothers of New York City.

★ **Alterman-Big Apple, Inc.**
March 16 it was reported that the company plans early registration of 403,000 shares of common stock, of which 60,000 shares will be sold for the company's account, 175,000 shares for selling stockholders, and 168,000 shares for conversion into common of bonds now held by Bankers Securities Corp., Philadelphia, Pa., **Office**—Atlanta, Ga. **Underwriter**—Van Alstyne, Noel & Co., New York. **Registration**—Imminent.

★ **American Cement Co.**
March 14 it was announced that the company will issue up to a maximum of 422,030 common shares, which are to be used in connection with the recent acquisitions by the issuer of M. F. Hickey & Co. Inc. of New York City and Graham Brothers, Inc., of Los Angeles.

● **American Fletcher National Bank & Trust Co.**
March 3 it was announced that the bank has called a special meeting for March 17 to authorize 226,604 additional shares of its capital stock (par $10) which are being offered to holders of record March 16 at the rate of one new share for each three owned; rights will expire April 4. **Price**—To be set by the directors following the meeting. **Proceeds**—To increase capital and surplus. **Office**—Indianapolis, Ind. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc. and Paine, Webber, Jackson & Curtis, and the First Boston Corp., all of New York; City Securities Corp., Collett & Co., Inc. and Indianapolis Bond & Share Corp. all of Indianapolis, Ind.

Arco Electronics
March 2 it was reported that on or about March 15 this company is expected to file approximately $500,000 of common stock. **Underwriter**—Michael G. Kletz & Co., of New York City.

★ **Baltimore Gas & Electric Co.**
March 3 it was announced by J. Theodore Wolfe, President, that the company plans record construction expenditures of $50,000,000 during 1960, probably financed through the sale of first mortgage bonds. **Offering**—Expected during the first half of 1960.

Bank of California (3/29)
Feb. 10 it was announced that this Bank has called a special meeting of stockholders for March 29 to authorize the sale of 256,930 additional shares of stock. Stock will be offered to shareholders of record March 29 at the rate of one new share for each five shares then held; rights expire April 19. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

★ **Beckert Dynamics, Inc.**
March 16 it was announced that 100,000 shares of common stock are expected to be filed within 30 days. **Proceeds** — For general corporate purposes. **Office** — Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York City.

Black Hills Power & Light Co.
Feb. 11 it was announced that the Federal Power Commission has authorized this utility, of Rapid City, S. D., to issue 7,727 shares of common stock (par $1) as a 2% dividend to its present common holders. No fractional shares will be issued, and stockholders will have the option of buying the additional fractional interest required to make full shares, or to sell their fractional interests.

● **British Columbia Telephone Co.**
March 11, according to W. C. Pitfield, stockholders at a special March 10 meeting voted a new $12,000,000 issue of 6¼% cumulative redeemable preferred stock (par $10). **Proceeds** — For acquisition of shares in similarly engaged companies. **Office**—Vancouver, B. C. **Note**—This issue was filed in Canada and will not be offered in the U. S.

California Electric Power Co. (5/10)
March 4 it was announced that the company plans to issue and sell $12,000,000 of first mortgage bonds. **Proceeds**—To apply the major portion of the proceeds from the sale to repayment of bank loans, which are expected to amount to about $10,000,000 at the time of financing, the balance of the proceeds will be applied to the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co. **Bids**—Expected to be received up to 9 a.m. (PST) on Tuesday, May 10, in the offices of O'Melveny & Myers, Room 900, 433 South Spring Street, Los Angeles 13, Calif.

Central Illinois Electric & Gas Co.
Feb. 3 it was reported that around July about $10,000,000 of first mortgage bonds will be filed. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp., Blair & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly).

Cincinnati Gas & Electric Co.
March 2 it was reported that company is contemplating new financing, probably in the form of bonds. **Underwriter**—To be determined by competitve bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co. and First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly).

★ **City Gas Co.**
March 10 it was reported that this company is expected to file an undetermined amount of common stock sometime in April or May. **Underwriter**—Kidder, Peabody & Co., New York City.

Coffee House, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Offering** — Expected in April; underwriter to be announced.

● **Columbia Gas System, Inc. (5/5)**
March 11 it was announced that the directors of this utility have authorized the issuance and sale of 1,400,000 shares of common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly); Morgan Stanley & Co. **Bids**—To be received on May 5. In addition, it has been announced that further financing is planned later in the year.

Consolidated Research & Mfg. Corp.
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produces spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

Consumers Power Co.
March 2 it was reported that this company is planning to raise new funds probably from the sale of first mortgage bonds and debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly); First Boston Corp. and Harriman Ripley & Co. (jointly).

Electrada Corp.
Feb. 3 it was reported that this company is planning financing sometime in the Spring. **Office** — Beverly Hills, Calif. **Underwriter**—Bache & Co. of New York City and Beverly Hills, Calif.

Englehard Industries, Inc.
Dec. 2 it was reported that this Newark, N. J., corporation might make an announcement concerning a forthcoming issue of common stock. Although no confirmation has been forthcoming, it is understood that auditors visited the company in late December. Registration is still believed likely in the near future.

★ **Ets-Holkin & Galvin**
March 16 it was reported that the company is planning early registration of about 220,000 shares of common stock. **Proceeds**—For selling stockholders. **Office**—San Francisco, Calif. **Underwriter** — Van Alstyne, Noel & Co., New York. **Registration**—Imminent.

★ **Florida Power Corp.**
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility, possibly in the fourth quarter of this year. **Proceeds** — For new construction and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Blyth & Co. (jointly).

★ **Florida Power & Light Co.**
March 15 it was reported that the company will need about $25,000,000 of new money. The nature of the securities to be issued has not as yet been determined.

★ **Forest City Investment Co.**
March 16 it was reported that a stock offering is planned. **Underwriter**—Bache & Co., New York.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co.

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(jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration**—Scheduled for June 3.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration**—Scheduled for June 3.

• Hamilton Management Corp.
Feb. 3 it was reported that an undetermined amount of non-voting common stock is expected to be registered on or about May 17. **Office**—Denver, Colo. **Underwriter**—Kidder, Peabody & Co., New York City.

Harvey Aluminum Co., Torrance, Calif.
It was reported late last year that this firm—the old Harvey Machine Co. — is planning its initial public financing for the Spring. **Underwriters**—Kuhn, Loeb & Co. (managing) and Tucker, Anthony & R. L. Day, both of New York City.

• Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is being discussed and may occur in the next few months. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

★ Henderson Portion Pack, Inc.
March 16 it was reported that this company is considering some financing. **Underwriter**—Burnham & Co., New York.

Houston Lighting & Power Co.
Feb. 18 it was reported that this company expects to raise about $35,000,000 from the sale of an undetermined type of security sometime in 1960. Probable groups: Blyth & Co. and Lazard Freres & Co. and First Boston Corp. (jointly); Lehman Brothers and Eastman Dillon, Union Securities & Co. and Salomon Brothers & Hutzler (jointly).

Independent Radio, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of radio stations. **Business** — Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York, to be named.

★ Ionics, Inc.
March 16 it was reported that the company is planning to register 75,000 shares of common stock. **Proceeds**—For general corporate purposes. **Underwriter**—Lee Higginson Corp., New York. **Registration**—Imminent.

★ Iowa Electric Light & Power Co.
March 11 President Sutherland Dows stated that bonds would be sold in order to supplement money to be obtained from temporary bank loans, to acquire the $10,000,000 required to finance 1960 construction. **Office**—Cedar Rapids, Iowa.

• Jersey Central Power & Light Co. (5/24)
Feb. 18 it was reported that on May 24 this utility is planning to offer $10,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co. (managing the books), Salomon Bros. & Hutzler, and Merrill Lynch, Pierce, Fenner & Smith (jointly); Stone & Webster Securities Corp.; W. C. Langley & Co.; F. S. Moseley & Co.; Reynolds & Co.; Shearson, Hammill & Co.; Dean Witter & Co.; First Boston Corp.; Wood, Struthers & Co.; Bioren & Co.; DeHaven & Townsend, Crouter & Bodine; Greene, Ellis & Anderson, and Steele & Co. (jointly). **Bids**—Expected to be received on May 24 up to 11:00 a.m. (New York Time).

• Kenrich Petrochemicals, Inc.
Jan. 20 it was reported that registration is expected of $175,000 of convertible debentures and 55,000 shares of common stock about the week of March 28. **Price** — To be supplied by amendment. **Proceeds**—For the expansion of manufacturing facilities. **Office**—Maspeth, Queens, L. I., N. Y. **Underwriter** — First Philadelphia Corp., 40 Exchange Place, New York City.

Mac Panel Co.
Feb. 15 it was reported that the 200,000 shares of common stock that were expected to be filed the week of Feb. 8, have been indefinitely postponed. **Note**—It was reported that shareholders of Adams-Millis Corp. and its partially-owned subsidiary Mac Panel, will vote on March 23 on a plan to exchange three shares of Adams-Millis common for four shares of Mac Panel common. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

★ Majestic Specialties, Inc.
March 10 it was reported that there is new financing of an undetermined type and amount, being discussed by this company, which will probably occur sometime in April. **Office**—Cleveland, Ohio. **Underwriter** — Hayden, Stone & Co.

★ Michigan Wisconsin Pipeline Co.
March 11 it was reported that this company plans to sell approximately $30,000,000 of pipeline bonds sometime in May. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Blyth & Co.

Miller & Van Winkle Co.
March 9 it was reported that this company contemplates a filing of 75,000 common shares via a "Regulation A" with the SEC. **Proceeds**—For general corporate purposes. **Office**—Paterson, N. J. **Underwriter**—Whitmore, Bruce & Co., New York and Washington, D. C.

★ Milwaukee Gas Light Co.
March 8 it was announced that the company is preparing to sell publicly this year $20,000,000 of first mortgage bonds and to sell an additional $4,000,000 of common to its parent, American Natural Gas Co. **Proceeds**—To pay for the company's expansion program and also to repay outstanding bank loans.

★ Mohawk Insurance Co.
March 16 it was announced that the company expects to register its first public offering in a few weeks. The offering will consist of 76,000 common shares. **Proceeds**—For expansion. **Office** — 198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 39 Broadway, New York City.

Mountain States Telephone & Telegraph Co. (4/12)
Feb. 8 it was reported that $40,000,000 of debentures will be offered. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart Co. Inc.; First Boston Corp; and Morgan Stanley & Co., all of New York City. **Bids**—To be received on April 12.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

• New Jersey Power & Light Company (7/19)
Feb. 17 it was reported that this utility is planning the sale of $5,000,000 of first mortgage bonds, due in 1990. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on July 19.

Northern Illinois Gas Co.
Feb. 16 the company's annual report stated that $120,000,000 of new capital will be needed to meet its five-year construction program. The sale of the 5.50% preferred stock sold last summer by a Halsey, Stuart & Co. Inc group was the first step in raising the money. While no definite plans have yet been made as to the type of issue or timing of the next financing, it will need about $25,000,000 of additional capital before the end of 1960. **Office**—Aurora, Ill.

★ Northern Pacific RR. (4/5)
March 16 it was reported that the railroad plans the sale of $6,495,000 of equipment trust certificates on April 5. Probable bidders: Halsey, Stuart & Co. Inc.; and Salomon Bros. & Hutzler.

Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

Potomac Electric Power Co.
Feb. 18 it was reported that there will be an undetermined amount of debt financing by this utility sometime in 1960. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Electric & Gas Co.
Feb. 24 it was reported that this company is planning an undetermined type of financing of approximately $85,000,000, sometime this year. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

★ (Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made this summer. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately. **Note**—On Dec. 31 Mr. McMeekin told this newspaper he does not know whether the bonds will be placed privately. He expects them to be sold this summer; the precise timing will be subject to market conditions.

★ Southern California Edison Co.
March 15 it was stated in the company's annual report that besides the $30,000,000 issue of series L mortgage bonds sold to underwriters in January, 1960, additional funds will be needed to complete its estimated $120,000,000 construction program for 1960. This financing is dependent upon market conditions, and its form is not known at this time.

Southern Electric Generating Co. (6/2)
Dec. 9 it was announced that this company plans registration with the SEC of $40,000,000 of 30-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly); The First Boston Corp. **Information Meeting**—Scheduled for May 31, 1960. **Bids**—Expected to be received on June 2. **Registration**—Scheduled for April 29.

Southern Union Gas Co.
Feb. 5 it was reported that $11,000,000 in new financing is planned for the late Spring of this year, of an undetermined type. **Underwriters** — A. C. Allyn & Co., and Snow, Sweeney & Co., both of New York City.

★ Superior Electric Co.
March 16 it was reported that the company is planning to register 150,000 shares of common stock. **Proceeds**—To construct a new plant in Bristol, Conn. **Underwriter**—Lee Higginson Corp., New York. **Registration**—Imminent.

Tampa Electric Company
Feb. 2 it was stated in this company's prospectus of its most recent offering, that it contemplates some additional permanent financing in 1960. The exact nature and amount of this financing has not been determined but the company presently believes it will take the form of senior securities.

Tennessee Valley Authority (7/1)
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for July 1, 1960. Probable bidders: First Boston Corp. (managing), Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Lazard Freres & Co. Power Financing Officer: G. O. Wessenauer.

Texas Eastern Transmission Co.
March 2 it was reported that this company plans the sale of senior securities in the amount of approximately $30,000,000, sometime in the second quarter of the year. **Underwriter**—Dillon, Read & Co., New York City.

★ Union Electric Co.
March 16 it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of debt securities in the range of $30,000,000 to $35,000,000. **Proceeds**—To meet construction expenses. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Offering**—Expected in the latter part of this year.

Utah Power & Light Co.
Feb. 3 it was reported that toward the end of this year there is expected to be some financing by this company of about $25 million of bonds and common stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co.

• Valley National Bank
March 15 it was reported that the bank is offering shareholders rights to purchase 139,988 additional common shares on the basis of one new share for each 15 shares held of record March 11; rights expire April 8. **Price**—$43 per share. **Proceeds** — For expansion. **Office** — Phoenix, Ariz. **Underwriters**—William R. Staats & Co. of Los Angeles, Calif. (managing the books), and Blyth & Co. of New York City (jointly).

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

Wisconsin Electric Power Co.
Feb. 9 it was reported that this company is planning about $25,000,000 in new financing, probably in the form of bonds, for sometime on 1960. **Underwriter**—To be determined by Competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith and Equitable Securities Corp. (jointly); Glore, Forgan & Co. and Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); First Boston Corp.; Lehman Brothers and Salomon Bros. & Hutzler (jointly).

• Wisconsin Telephone Co. (5/10)
March 2 it was reported that this company plans the sale of $20,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co. **Bids**—Expected to be received on May 10.

The Security I Like Best . . .

Continued from page 2

has now shifted outside of the United States. Since Seismograph is paid in dollars for its efforts in the Western Hemisphere and in portions of the Eastern Hemisphere and has never had conversion problems with the sterling or francs received from the English and French subsidiaries, they see no reason to penalize themselves for the shift that has taken place in their business.

Even after 1958, revenues have continued to trend upward at a rather respectable annual rate.

The problem is the failure of reported earnings to grow proportionately. But even that problem is more apparent than real, for earnings have been hurt by the rapid increase in depreciation and cash flow has moved up rapidly and steadily.

Depreciation in the case of Seismograph Service does not mean the same thing as it does in many other situations. Trucks are probably the largest single item in the depreciation schedule and they wear out rapidly; but maybe not as rapidly as the two years which the company takes to write off foreign-employed vehicles.

In 1958 there was a wholesale switchover from conventional to magnetic scanning devices which cost a good deal more. The company also built and put into operation its own playback centers. Clients wanted bigger, fancier equipment, capable of giving more complete answers in less time. Seismograph takes the position that they don't know what the life of this equipment is going to be. They are assuming a very short life span.

Judging from the way comparable companies write down trucks and other equipment, we believe that Seismograph's reported depreciation is overstated. It follows that reported earnings are substantially understated and that book value, which we expect to have pushed over $23 per share by the end of 1959, is a very "hard" figure. There may be enough residual value left even in the relatively short-lived equipment that the company handles to boost book value handsomely.

There is a good deal more that could be said about value; for example, the fact that Seismograph was hit with a $200,000 Venezuelan loss in the first quarter of 1959. If that non-recurring item had not existed, Seismograph might have reported 1959 earnings equal to $1.80 per share. But now, let's talk about glamour.

For many years, Seismograph has built complex instruments for its own use. Its engineers, in their efforts to keep their equipment up to date, have become familiar with the very latest electronic techniques and even developed some new ones of their own. Until very recently, this electronic know-how was devoted to oil industry application. The company is now seeking new channels for its electronic capability.

Seismograph is producing a radio hat, parts of which are patented. This is worn as an ordinary work helmet, but it enables the wearer to talk to his fellows over extreme noise and at ranges up to three miles. These helmets could be invaluable for almost any kind of heavy industrial work. They sell at $250 per hat, and Dow Chemical has been the largest buyer to date—with 350. Inquiries regarding the hat have become numerous and Seismograph has embarked upon an ambitious sales program. If current promotional efforts are successful, the hat may be a contributor to 1960 earnings.

Seismograph has invented an electronic voting machine, which weighs only 100 lbs. compared to about 900 lbs. for conventional mechanical machines. The new machine will cost about $1,500 against $1,700 for contemporary machines and it is believed that cost of delivery to polling places is substantially less than for older machines.

Voting machines seem a prosaic business. But it has been estimated that there is a domestic sales potential of about $25 million per year. If Seismograph were to get only 20% of that figure, volume would be lifted more than 25%. And a 5% carry down to after tax net might boost earnings by 60c per share. Voting machines probably will not be much of a factor in Seismograph's over-all operations until 1961.

One of the biggest problems in offshore exploration has been to find the exact spot in which a seismic "shot" has been set off. It is impossible to mark water areas accurately enough by conventional means. So, Seismograph invented a radio postioning device called Lorac, which is capable of determining locations absolutely. It has been used by American Telephone & Telegraph to help lay cables. There has also been one installation at the Missile Station at Cape Canaveral. There is further Navy and Air Force interest because of the device's potential in locating ships and missiles. But at this stage, Lorac remains potential. It is impossible to say just how big it may become.

Then, there is electric logging of oil wells. At the time Seismograph bought Birdwell Incorporated in 1958, that subsidiary was doing about $1.5 million per year. Last year, Birdwell is believed to have had revenues of $2.0 million, and for 1960, revenues are expected to go over $3.0 million. Only Birdwell, Schlumberger, Ltd., the kingpin of the logging business, and one other small company, are able to offer "continuous velocity logs." So, only these companies can offer a complete logging service. Seismograph will manufacture logging units itself and it is felt that the growth of the Birdwell subsidiary depends solely upon how fast units can be built and put into the field.

Seismograph Service will undoubtedly come up with other applications for its electronic knowhow. But even the first fruits of its efforts in these new fields promise new peaks for revenues and earnings.

If new products, plus Birdwell Incorporated were enormously successful, Seismograph would probably need money. However, the company is financially sound and has large enough cash flow to allow substantial borrowing. Management owns about 25% of the stock, and is probably not interested in needless dilution of its equity.

Capitalization

Long Term Debt: $1,856,375, including $1,500,000 5.7% notes.

Common Stock: 388,000 shares ($1 par).

Options: To purchase 36,438 shares at $10.31 each; and 13,562 at $11.94.

J.A. Winston Heads Vernitron Deal

J. A. Winston & Co., Inc., Netherlands Securities Co., Inc. and V. K. Osborne & Sons, Inc., on March 9 commenced the public offering of 100,000 shares of common stock (par 10 cents) at $3 per share, as a speculation.

Of the net proceeds, $30,000 will be used for purchase of machinery, $20,000 for purchase of special tooling and test equipment, $35,000 to be applied to current expenses, $25,000 for purchase of inventory, $30,000 for design improvement of present products, $35,000 for research and development of new products, and $60,000 for reserve for plant expansion.

The company was organized under New York State law on March 25, 1959 for the purposes of engaging in the business of the design, development and manufacture of electro-magnetic servo components and related products. It maintains principal offices at 136 Church St., New York City. The company also maintains manufacturing and engineering facilities at 1742 South Crenshaw Blvd., Torrance, Calif.

One-Hour Valet Inc. Securities Offered

Van Alstyne, Noel & Co. and Associates today (March 17) are offering the following securities of One-Hour Valet Inc: (1) $2,000,000 of 6% convertible subordinated debentures dated March 1, 1960 and due March 1, 1975, at 100% plus accrued interest from March 1, 1960 to date of delivery, and (2) 100,000 shares of common stock (par $1) at a price of $10.625 per share.

The debentures are unsecured, and are subordinated to superior debt, which is defined to include the company's bank loans and any other indebtedness for money borrowed designated by the company to constitute superior debt. They are to bear interest at the rate of 6% per annum from March 1, 1960, payable Sept. 1 and March 1 commencing Sept. 1, 1960, and are to mature, unless previously redeemed or converted, on March 1, 1975.

On February 1 in each year commencing 1962, the company will deposit with the Trustee as a Purchase Fund an amount equal to 7½% of its consolidated net earnings (as defined in the Indenture) for its next preceding fiscal year. Money in the purchase fund from time to time shall be applied by the Trustee to purchase debentures in the open market at prices not in excess of the then redemption price, plus interest plus usual and customary brokerage commissions. Any moneys not expended within one year from the date of each such deposit, respectively, shall revert to the company free of purchase fund requirements.

The debentures are redeemable in whole or in part at any time (in amounts of at least $200,000) at the option of the company, at 106% plus accrued interest prior to March 1, 1961, and at decreasing prices thereafter.

Blyth & Co. Heads Genesco Offering

Blyth & Co., Inc. heads an underwriting group which is offering for public sale today (March 17) 500,000 shares of Genesco Inc. common stock priced at $33.50 per share. The proceeds from the sale will be used by Genesco to retire indebtedness incurred in connection with the acquisition of the capital stocks of an affiliated company and for general corporate purposes.

An additional 87,186 shares of common stock are being offered by Genesco to present holders of common and class B common shares of Hoving Corp., a subsidiary, in exchange for their shares.

Incorporated in 1925 as the Jarman Shoe Co., the name was later changed to General Shoe Corp., and to Genesco Inc. in 1959. The business of the company and certain of its wholly owned subsidiaries consists principally of the manufacturing of men's, women's and children's shoes and the sale of shoes through both wholesale and retail outlets. Subsidiaries in addition to Hoving Corp., which operates women's specialty stores and also Tiffany and Co., are Formfit Co. which manufactures and sells women's foundation garments and L. Greif & Bro., English American Tailoring Co., and Roger Kent, Inc., manufacturers and distributors of men's clothing.

Capitalization of Genesco as of Dec. 31, 1959 and as adjusted for the sale of the additional common stock shows $30,708,000 of funded debt, 129,959 shares of preferred stock of $100 stated value and 3,608,734 shares of common stock of $1 par.

The report of Genesco Inc. and consolidated subsidiaries for the fiscal year ended Oct. 31, 1959 shows net sales of $272,717,000 and earnings applicable to common stock of $8,020,000, equal to $2.66 per share, compared with $238,636,000 and $5,993,000 or $1.99 per share in the 1958 fiscal year. Sales and net income for the quarter ending Jan. 31, 1960 were approximately $74,350,000 and $2,078,000 as compared with the sales and net income for the quarter ended Jan. 31, 1959 of $68,411,000 and $2,034,000, respectively. The company paid dividends amounting to $1.50 per share in the last three fiscal years.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The social security insurance system now provides some protection against loss of income from death, disability, and retirement to about 85% of the nation's labor force. The railroad retirement and other public retirement systems cover an additional 8%.

The Social Security Administration is now sending out monthly benefits to 13,750,000 men, women and children. They are being paid approximately $850,000,000 a month.

About a year ago there were 12,500,000 recipients of monthly payments. This time next year the number will have risen to 14,100,000.

At the present time more than 10,000,000 of the 16,000,000 people aged 65 and over are receiving monthly old age or survivors insurance benefits. Aid to dependent children, aid to blind, and assistance to the permanently and totally disabled make up the remainder of the total of 13,750,000 monthly recipients.

The Social Security Administration says that the vast insurance system, which will pay $11,700,000,000 in old age, survivors, and disability benefits, will cover 14,600,000 people during the next fiscal year starting July 1.

More to Come

Special security benefits are paid out of two separate trust funds maintained by the Treasury Department. These funds have been built up with the social security tax contributions by employees, employers, and the self employed.

There are a series of bills pending in Congress to liberalize social security programs. If Congress follows a tradition that it has maintained for the past several election years it will liberalize the program in some shape or form.

President Eisenhower in his budget message to Congress said that because the Federal and State Governments are spending hundreds of millions of dollars each year for aid to the needy some research is needed. He said there are large gaps in our knowledge of the causes of dependency and of the best ways to alleviate or prevent it.

The Forand Bill

One of the bills being pushed on Capitol Hill these days is the so-called Forand Bill. The measure by Rep. Amie J. Forand, Democrat of Rhode Island, and a member of the House Ways and Means Committee, would provide medical and hospital insurance to America's retired workers.

No one that has had visits to the hospitals in recent years can dispute the rising costs of medical and hospital care. Of course, older persons have larger than average medical care needs.

Secretary Arthur Fleming of the Department of Health, Education and Welfare, has come out for hospitalization for the older persons, by advocating a "small increase" in social security taxes. Employes are already paying 3% of the first $4,800 of annual earnings, and employers are matching that sum.

HEW records show that in 1958 one in every five persons 65 years and older had a paying job. In 1956 and 1957 some 60% of all people over 65 had less than $1,000 in money income a year, and only 20% had more than $2,000.

Officials of the Department peering into the future say: With seven-tenths of our aged population now eligible for benefits it seems reasonable to assume that beneficiaries today are representative of future beneficiaries. Thus, it is estimated that three-fourths of the aged population will be eligible for benefits in 1970, and more than 80% by 1980.

Why More Federal Outlays?

Why is the Department of Health, Education and Welfare pointing to the need for medical and hospital care for the aged in the future? Excerpts from a report the Secretary presented to the House Ways and Means Committee are illuminating.

The success of modern medicine in preventing epidemics and in curing or controlling diseases once usually fatal has brought chronic illness, particularly the illness of old age, to the fore as a health problem. In part because of these new developments older persons have greater need for hospital and other medical services than younger persons. They may require more elaborate types of care than younger persons and their recovery is likely to be slower.

Figures from the National Health Survey shows that the aged spent at least twice as many days per capita in general hospitals as the population as a whole.

Persons who have health insurance enter hospitals more frequently, but have more short durations than those who are uninsured. Older persons with more serious medical needs, and those who fear the costs, postpone getting medical and hospital care until the need is overwhelming.

"No, No, Miss—it's 100 dollars for 1% of the stock— NOT 1 dollar for 100% of the stock!"

Department of Labor statistics show that hospital care from 1938 to 1958, as measured by the "consumer price index," rose 300% for the 20-year period.

The National Health Survey report showed about 121,000,000 persons—72% of the total population—were covered by some form of hospitalization insurance at the end of 1957.

Studies by the Public Health Service show that between 36% and 39% of the aged 65 and older have some type of health insurance.

AMA's Position

The American Medical Association refutes a lot of the statements that have been made to the House Ways and Means Committee. The AMA declares in effect that the plight of the aged is not near as bad as it has been pictured.

The Association's study purports to show that more than 90% of those over 65 can afford to meet medical bills of $500. The Association says, with justification, that the Forand bill, among others, are a step toward socialized medicine.

A hospital and medical care program for the aged would be fine, of course, if it can be afforded. But some one will have to pay for it.

Health Coverage Expanding

More and more Americans are coming under the coverage of health insurance. As a matter of fact more persons with health insurance have hospital expense protection than any other kind of insurance. Health Insurance Institute said at the end of 1958, a total of 123,038,000 persons had hospital expense insurance and 111,435,000 surgical expense insurance.

The Institute said there are more than 1,200 insuring organizations providing the American public with health insurance against the hospital, surgical and medical expenses resulting from illness or injury plus the loss of income accompanying such disability. These organizations include insurance companies, Blue Cross-Blue Shield plans, and a substantial number of Medical - Society - approved and independent plans.

There were 706 insurance companies actively issuing health insurance policies in 1958, some 83 Blue Cross plans (including Puerto Rico), 66 Blue Shield plans (including Hawaii and Puerto Rico), and more than 400 independent plans.

A 37% increase in the overall number of insurance companies writing health insurance was chalked up from 1953 through 1958. The number of life insurance companies engaged in this field increased from 284 in 1953 to 459 in 1958.

The Health Insurance Institute says that in 1958 the average cost per patient per day at hospitals amounted to $28.17, about double the average 10 years earlier. In 1960 the cost probably will be higher.

Almost 22,000,000 persons, or one out of eight, in the United States, were admitted to hospitals in 1958. Some 610,000 hospital beds were available, or 3.5 beds per 1,000 population.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

COMING EVENTS

IN INVESTMENT FIELD

March 16-17, 1960 (Chicago, Ill.) Central States Group of Investment Bankers Association of America at the Drake Hotel.

Mar. 25-26, 1960 (Chicago, Ill.) Chicago Chapter American Statistics Association & Chicago Association of Commerce & Industry 7th annual Mid-West Conference at Congress Hotel.

April 8, 1960 (New York City) New York Security Dealers Association 34th annual dinner in the Grand Ballroom of the Hotel Biltmore.

April 8, 1960 (Toronto, Canada) Toronto Bond Traders Association 28th annual dinner at the King Edward Hotel.

April 10-11-12, 1960 (Dallas, Tex.) Texas Group of Investment Bankers Association of America 25th annual meeting at the Sheraton Dallas.

April 10-15, 1960 (Philadelphia, Pa.) Institute of Investment Banking, Wharton School of Finance & Commerce, University of Pennsylvania.

April 28-29, 1960 (St. Louis, Mo.) St. Louis Municipal Dealers Group Spring Party: Luncheon at Missouri Athletic Club, cocktail party and banquet at Park Plaza Hotel, April 28; Field Day at Glen Echo Country Club, April 29.

April 29, 1960 (New York City) Security Traders Association of New York annual dinner at the Waldorf Astoria.

May 9-10, 1960 (Atlanta, Ga.) Association of Stock Exchange Firms meeting of Board of Governors at Hotel Atlanta Biltmore.

May 17-18, 1960 (Omaha, Neb.) Nebraska Investment Bankers Association annual Field Day.

May 19-20, 1960 (Nashville, Tenn.) Nashville Security Traders Association Spring Party; cocktails and dinner May 19 at Hillwood Country Club; outing May 20 at Bellemeade Country Club.

May 20, 1960 (Baltimore, Md.) Baltimore Security Traders Association annual spring outing at Maryland Country Club.

June 16, 1960 (Minneapolis, Minn.) Twin City Bond Club 39th annual picnic and outing at White Bear Yacht Club (preceded by a cocktail party June 15th at the Nicollet Hotel.